Flash report: 1964 shapes up as a **big spending year** for railroads. . . . . p. 15

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November 18, 1963

RAILWAY AGE WEEKLY

COMMUNICATIONS, COMPUTERS AND ACI

What's ahead for SURCOM? p. 9

How will railroads 'vote' on ACI? p. 11

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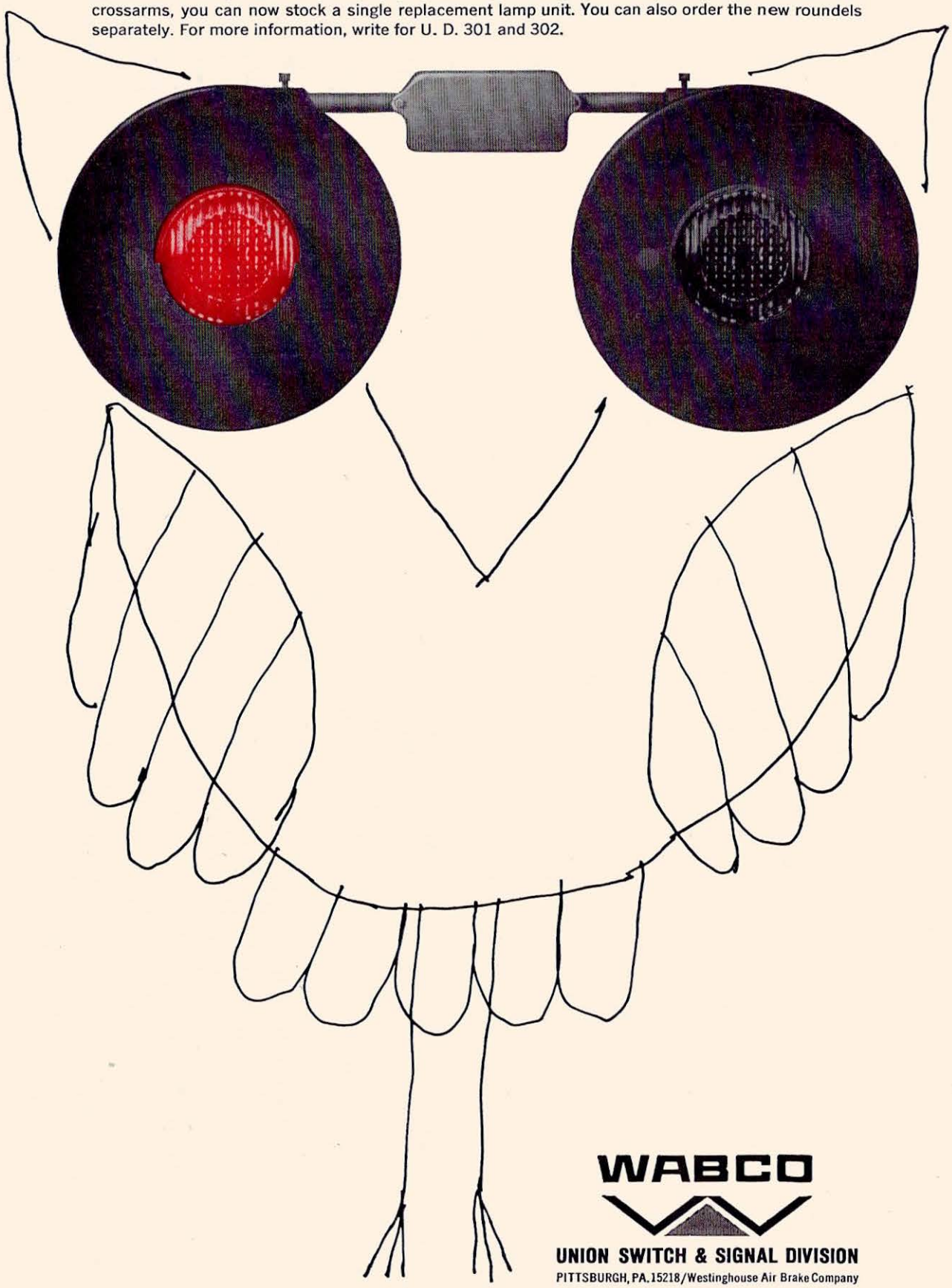

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RAILWAY AGE WEEK AT A GLANCE

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Flash report on '64 capital spending

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PATH cleared for car orders?

A favorable Supreme Court ruling has permitted the Port Authority Trans-Hudson Corp. to ask for resubmission of bids on up to 260 transit cars .....p. 16

Pricing problems are critical

B&O President Jervis Langdon, Jr., discusses inter-territorial-rate pitfalls which U.S. roads have encountered—and which he feels European carriers should try to avoid ....p. 19

Government action irks FEC

Creation of an emergency board to investigate a 10-month-old non-op strike has been characterized as "flagrant intervention" into collective bargaining .....p. 32

New order outlines rules for car moves

The ICC action is one of several steps taken, or under consideration, to ease the "acute shortage of freight cars in all sections of the country" .....p. 36

The Action Page—'Conspiring' to aid patrons

The public interest is advanced—not opposed—when railroad men confer to arrive at economic bases for pricing their product .....p. 42

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RAILWAY AGE WEEK AT A GLANCE

Short and Significant

Freight car orders thus far . . .

this year have passed the 40,000 mark, a hefty increase over the 29,571 car orders recorded during the first ten months of 1962. Indications are '63 will be at least a 50,000-car year.

Carloadings continue to run ahead . . .

of the '62 total, despite a slight dropoff in recent weeks. In terms of ton miles, 1963 railroad traffic up 6.4% from last year and 9.2% from 1961.

Merger studies have been called off . .

between Soo Line and Chicago Great Western. The Nov. 12 announcement was made by Soo Line President L. H. Murray and CGW chairman and president, E. T. Reidy.

Erie-Lackawanna passenger equipment . . .

is being spruced up in preparation for the 1964-65 New York World's Fair. Improvements are being made to 25 coaches and eight dining cars.

The incentive per-diem bill . . .

has been cleared by the Senate Commerce Committee's Surface Transportation Subcommittee. It is now before the full committee. The bill is S.1063, sponsored by 35 Senators.

The piggyback case will be argued . . .

before the ICC Dec. 10. In issue are Commission-proposed rules and modified versions of them recommended by Examiners H. P. Boss and R. S. Ries.

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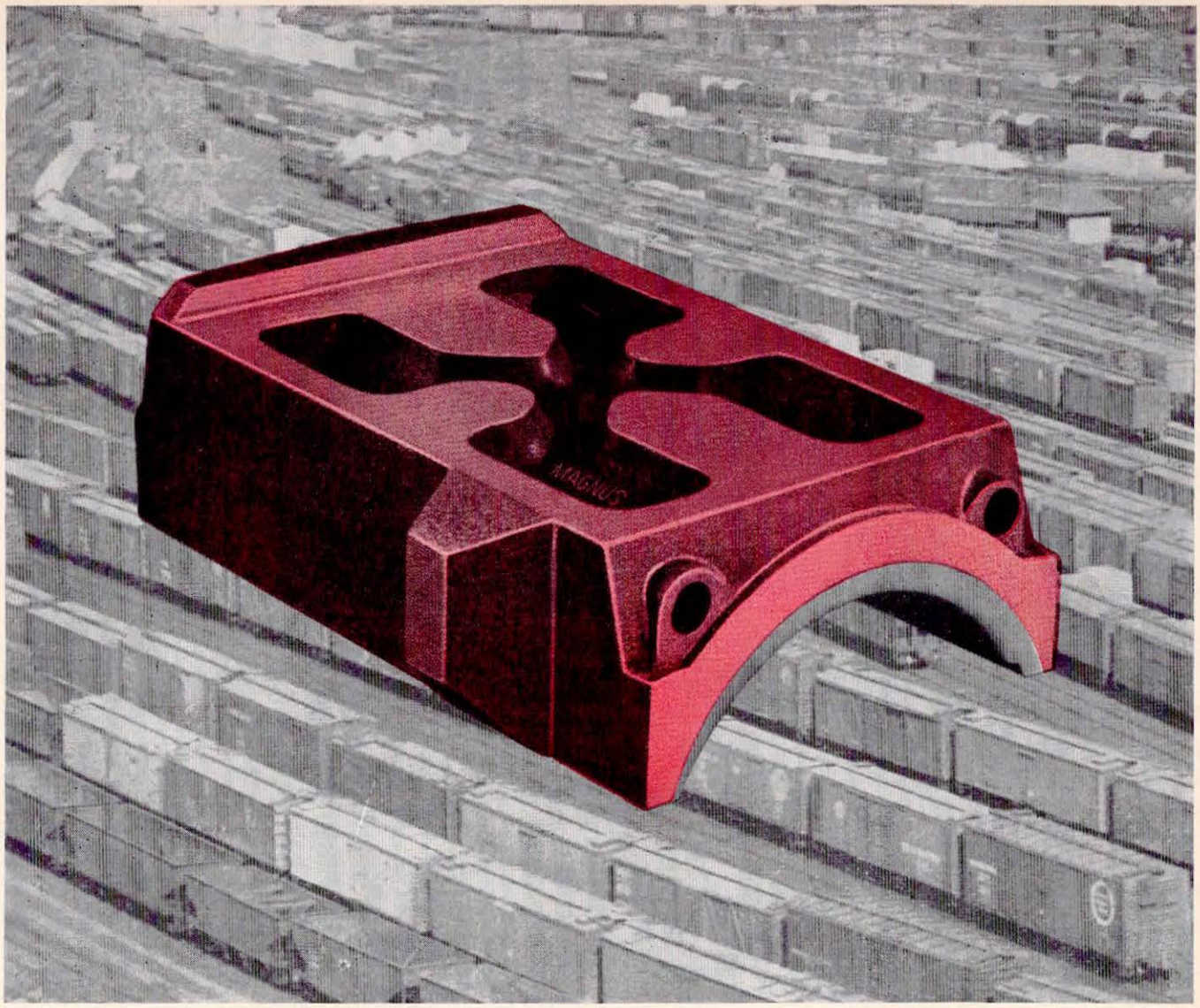
Current Statistics

Operating revenue	
6 mos., 1963	4,714,888,444
6 mos., 1962	4,703,908,621
Operating expenses	
6 mos., 1963	3,683,992,541
6 mos., 1962	3,712,959,223
Taxes	
6 mos., 1963	464,644,151
6 mos., 1962	523,652,505
Net railway operating income	
6 mos., 1963	359,753,801
6 mos., 1962	275,271,282
Net income, estimated	
6 mos., 1963	270,000,000
6 mos., 1962	181,000,000
Carloadings revenue freight	
45 wks., 1963	25,253,265
45 wks., 1962	25,195,120
Freight cars on order	
Oct. 1, 1963	18,388
Oct. 1, 1962	11,064
Freight cars delivered	
9 mos., 1963	31,891
9 mos., 1962	29,652
Serviceable cars	
Oct. 1, 1963	1,409,980
Oct. 1, 1962	1,435,250
Cars awaiting repairs	
Oct. 1, 1963	117,177
Oct. 1, 1962	131,615



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COMMUNICATIONS AND COMPUTERS

What's ahead for SURCOM?

Surface Communications, Inc., may soon become a reality. Its objective: to provide complete inter-railroad communications, and to furnish industry-wide management information services.

Interchange of freight cars among railroads is an old, time-tested operation. It's perhaps the biggest single factor in welding several hundred separate companies into a nationwide rail-transportation system. By contrast, interchange of data among railroads is an area where there's still plenty of room for exploration—and for advanced development. And it's in this field that the organization known as SURCOM hopes to make a major contribution.

The SURCOM concept—formalized as Surface Communications, Inc.—has been around for a few months in the study and design stage. Now it's ready to move—with the aim of drawing 10 railroads into membership to prove the benefits SURCOM backers claim for the system.

● **Electronic switching.** SURCOM's basic hardware is the electronic switching computer. Its main purpose is to provide direct communications interconnect among railroads, via an installation which can serve as a message and data-switching center and which will translate, store for recall and edit data as needed. The system is designed to complement, not to replace, existing data-processing and communications networks.

In the beginning, SURCOM would have four main functions, in the areas of consist reporting, car-location reporting, communications switching and customer service. Operations would be phased in, starting with the line-up of communications and then moving into consist and location reporting.

● **Big benefits.** Backers of the system see a half-dozen major benefits coming from the setting up of such a rail communications community:

● Better utilization of existing communications plants. All data and message traffic would be on a "local-call" basis. Off-line traffic offices could be serviced with greater speed, at lower cost.

● Traffic departments would know exactly what traffic is moving into their areas. Field men would be able to devote more time to selling—because they'd be spending less time on car tracing. Up-to-the-minute information about a customer's shipment would be available in printed form in traffic offices or obtainable via a local phone call. Better information would be provided as to the upcoming availability of special-purpose cars.

● Operating departments "will know far in advance all cars to be interchanged. . . . This will permit better planning of schedules for yard operations, trains, crew calls and motive-power assignment."

● Transportation departments would know "at all times the location and status of all their equipment, loaded or empty, off-line or on-line, thus assuring better utilization of equipment and speedy compliance with their car orders to foreign lines."

● Mechanical departments would be told immediately when any car was tagged bad-order off-line. They'd also have data to facilitate scheduling and return of equipment for overhaul.

● Accounting departments "will be able to do per-diem and private-car accounting faster, more accurately and with considerably smaller staffs. Centralized per-diem and-or interline accounting will be possible and practical."

SURCOM, its backers say, has been set up to provide complete inter-road communications, to furnish industry-wide management information services and to provide a base and facilities for experimentation in industry data systems (as, for example, a nationwide passenger reservation service).

Members of the system would be able to communicate directly with each other, even though their individual data-processing or communications systems are incompatible. SURCOM would pro-

TAFT

• **CLASSIFICATION OF FREIGHT** in the traditional sense will no longer be required. The ICC decided last week not to appeal a court ruling which set aside a Commission order condemning all-commodity rates as unlawful, principally because they were subject to no mixing rule (RA, Aug. 12, p. 10). A mixing rule is a tariff provision which limits the proportion of an all-commodity carload which may consist of a single commodity. The court ruling came from a three-judge court functioning in the federal district court of Connecticut. It overrode the Commission in a case (I&S No. 7131) involving all-commodity, box-car rates published by the New Haven and its connections to meet the competition of Plan III piggyback service between New England and Chicago and other points in the Middle West. Plan III is that service which involves ramp-to-ramp movement on railroad flat cars of highway trailers furnished by shippers.

THE COMMISSION'S DECISION relied on Section 1(6) of the Interstate Commerce Act which requires carriers to maintain "just and reasonable classifications of property for transportation." While the report did not find that the rates in issue were not compensatory, it expressed the Commission's concern about their prospective impact on the general rate structure. It was an 8-to-3 decision of Dec. 28, 1961, which reversed a previous decision by the Commission's Division 2.

DISSENTERS included Commissioners Webb and Tucker who joined in condemning the majority's preoccupation with an outmoded value-of-service theory of ratemaking. They called the majority report "a retrogressive step in the history of rate regulation," and took the position that the Act's classification requirements are met by maintenance of the class-rate structure and related classification "as a compendium of maximum reasonable rates."

THE COURT DECISION, which will now become the law, agreed with the dissenters. The class-rate structure meets the classification requirements, it said—"even though competitive conditions lead to the furnishing of service through variously constructed rates at lower charges." It went on to suggest that the Commission invoked Section 1(6) "as a means of preserving a basis for the 'value of service' concept of ratemaking . . . in a desire to hold fast to the past which has already slipped beyond our reach."

THE NATIONAL TRANSPORTATION POLICY called for the ruling it made, the court also said. It interpreted the policy as one intended "to permit railroads, no longer effective monopolies, to respond to competition by asserting whatever inherent advantage of cost and service they possessed."

• **RAILROADS CONTINUE LOSING GROUND** to truckers in the competition for line-haul business of large freight forwarders. In this year's first half, forwarder payments to railroads were down 7.1% from those of 1962's first half—$82,295,034 compared with $88,542,448. Meanwhile, forwarder payments to line-haul truckers were up 9%—$35,930,447 compared with $32,955,639.

THESE SIX-MONTHS FIGURES are the latest compiled by the ICC's Bureau of Transport Economics and Statistics. They mean that forwarder payments to railroads are now down to less than 2½ times the payments to line-haul truckers. Five years ago, the railroads were 4-to-1 favorites of the forwarders.

vide edited machine-language information in a pre-determined format designed for use by a member-road's existing equipment.

• **Security assured.** Security of information would be an integral part of the system—and this is one of the reasons SURCOM would be operated as an independent organization, owned by the railroad industry but unattached to any company or institution. Two of the original SURCOM incorporators, Grant C. Vietsch and Richard W. Coglan, emphasize that planning for the operation "has been strictly a railroad show from the start."

SURCOM backers liken their organization to that of Trailer Train. Membership would come through stock ownership.

How much would participation cost? It's estimated now that expenses would total about one mill per dollar of gross revenue. Financial requirements for membership would be three—purchase of a stipulated amount of stock; advance payment, also a fixed sum, for programming service; and a monthly use charge. In addition, member roads would have to work out their own communications links to the center, since all SURCOM data services would be FOB data headquarters.

The payoff

SURCOM regards the cost as small, alongside the tangible and intangible benefits which could be realized.

• **Cost savings.** There would be, the organization's founders say, sizeable direct cost-savings—plus opportunities for generating additional revenue through better utilization of equipment.

SURCOM surveyed several medium-size Class 1 roads and found:

• Idle time for one switch engine and crew for one hour per day costs $12,000 over a year's time—and that's equal to the net revenue earned by 15 special-purpose cars in a year.

• With a base figure of 30,000 car movements per week, missed connections on just 1% of moves per week cost an estimated $55,000 per year in additional per diem.

• "An average road spends at least $72,000 annually" to maintain facilities for tracing special-purpose cars. "This is equal to the net revenue earned by 857 special-purpose cars in one year."

Other studies indicate sizeable potential for added revenues (and significant savings) from better use of special cars. Here's how SURCOM figures the possibilities:

"At present, a fleet of 1,000 cars works 84,000 car-days per year and produces $840,000 in net revenues on an equipment investment of $15 million.

"With SURCOM, the fleet can be

How will railroads 'vote' on ACI?

While SURCOM is seeking to promote better inter-road communications, a group of carriers is moving into a different—but related — survey area. Selected roads are being asked for operational and economic analyses of automatic car identification (ACI). They are also being asked to consider the efficiencies and economies which might be developed through establishment of a national railroad computer center—a move which might well become feasible with universal use of an ACI system, and one which some believe is essential if ACI's maximum benefits are to be realized.

Over the past two and a half years, 25 railroads, a number of supply companies and the AAR Research Center have been studying the technical feasibility of ACI. Recently, the AAR board approved an appropriation of $50,000 for the Research Center to field-test several ACI systems. And, at the same time, a committee of 10 roads was formed "to recommend a program of study under which a successful effort could be made to determine the uses to which ACI data might be put." It's this committee which prepared the questionnaire on ACI and centralized computer accounting.

● **ACI—It's practical.** The committee has no doubt that ACI will work. A number of manufacturers "have developed workable prototype equipment," the group notes, and "it can definitely be stated at this time that ACI is technically feasible."

Six ACI equipment manufacturers have field tested their systems: American Brake Shoe, Electronic Associates, General Electric, Link, Sylvania Electronics, Union Switch & Signal.

But, the committee adds, "not enough is known as to the extent each railroad in the nation would install and use ACI." The current survey is designed to develop information to help the committee in appraising the "potential uses of ACI in such areas as distribution and utilization of cars and other equipment, per-diem and car accounting, revenue accounting, car tracing, yard operations and so forth. It will assist in determining the extent of further study required of these uses of ACI; a plan of action for arriving at a conclusion as to the economic feasibility of ACI; and, if found to be economically feasible, the best means for implementing the adoption of ACI."

The survey is divided into three parts—covering the present extent of mechanization of car records, the uses to which each road would put an ACI system and the reaction to proposals looking toward the setting up of a national computer center. Return date for questionnaires is Dec. 1.

● **Universal application.** The committee emphasizes the need for universal application of ACI labels to cars moving in interchange. It also notes the financial problems which may be involved for some roads. Initial costs, the group estimates, would run $10 per car for labeling and $10,000 per scanning unit installed. Actual costs may be much less—the committee calls the $10-and-$10,000 figures maximum estimates. On the maximum-cost basis, however, the industry's tab for labeling would total about $20 million (including private car line equipment), and to this would have to be added costs of installing scanners.

How would an ACI system work? The committee says:

"ACI information from the scanners could be transmitted directly to the railroad's main office for use by the various operating and accounting functions such as car accounting, car tracing, per-diem accounting, car distribution and control. The timeliness and accuracy of the car-location information thus received directly from the ACI scanners would be valuable and should increase efficiency."

● **Computer potential.** The committee emphasizes that establishment of a computer center is not a prerequisite for adoption of ACI. But it sees sizeable potential in such an installation. Scanners located at interchange points, the group points out, could provide a computer with accuracy and instantaneous primary source material for per-diem settlement. The computer center "would act as a clearing house, taking over the job of calculating and settling per-diem between all railroads, thus . . . creating improved efficiency to the railroads and eliminating a major portion of overlapping and duplicate efforts inherent in existing methods. The timeliness and accuracy of car-location information would also facilitate better utilization of the freight-car fleet through the activities of the AAR Car Service Division."

● **How much can be saved?** The committee's survey asks for careful analyses of savings possible through adoption of ACI and of the additional savings which might come from centralized computer accounting.

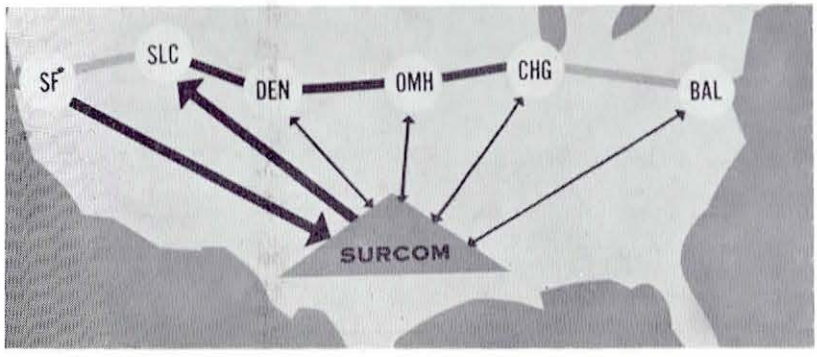
Data developed through ACI, the group points out, could help produce better car utilization. Expediting of train movements through yards could cut operating costs. It could also reduce per-diem charges and, ultimately, might reduce car-ownership requirements through more efficient use of equipment. Certain personnel savings might be made possible, through the changeover from manual to automatic checking and recording of car-number information. Similar savings might be made in accounting costs if car-accounting functions were centralized.

● **Advantages to CSD.** Such a national center, the committee suggests, could take over the job of reporting to the Car Service Division regarding car location and cars on hand. It would also provide quick answers to individual railroad queries on off-line location of cars.

Accurate and current car-location information, the group declares, "would enable the Car Service Division to do a better job of national car distribution than at present, where car-location information may be three weeks old by the time it is received. The better inter-railroad distribution of cars, as well as intra railroad car handling, made possible by current and accurate information should increase car utilization."

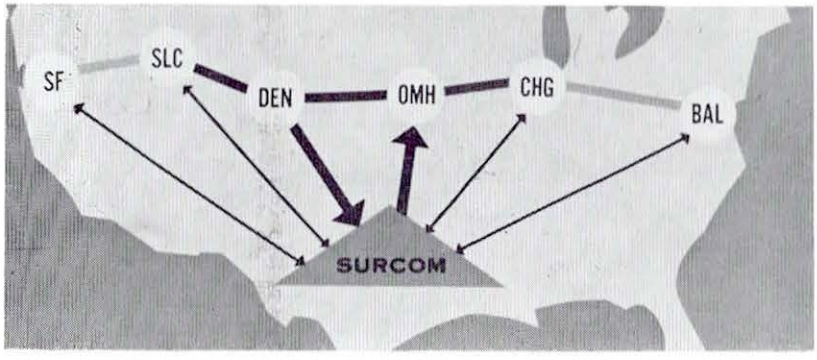
SURCOM in action

Arrows indicate information flow patterns on a transcontinental movement, with SURCOM in operation. Bold arrows show input of consist information from origin road and output to connecting road. As the car moves from road to road, patterns of consist data shift to keep pace with the car. Light arrows indicate patterns by which participating roads can query SURCOM on the status of a movement. When the car reaches destination, delivering road can notify originating road direct through SURCOM, to permit the originating railroad to inform the shipper immediately of the move's completion.



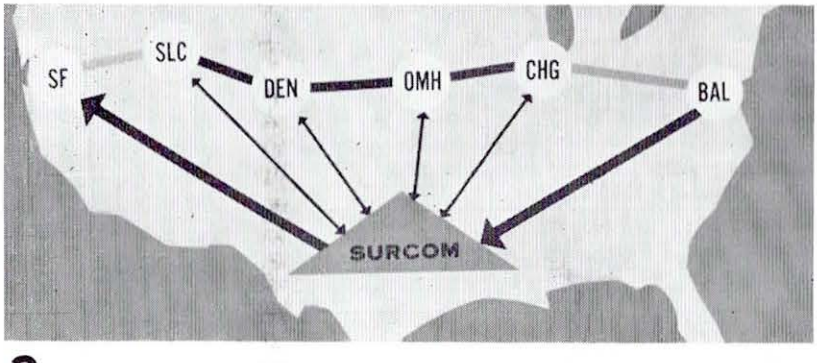
1

Car departs San Francisco. Originating road notifies SURCOM center, which notifies next connecting carrier.



2

Input and output patterns change as the car moves across country. At all times, participating roads can query SURCOM as to status of the movement.



3

On delivery, destination road notifies originating road, via SURCOM, and originating road can notify shipper.

reduced by 10% and the utilization increased by two days per car per month. This will give 97,200 car days per year, producing $972,000 in net revenue on an equipment investment of $13.5 million.

• **More investment dollars.** "This means a savings on equipment investment of $1.5 million and a reduction in operating expenses of $300,000, giving a total of $1.8 million available for investment—plus $132,000 in added net revenue.

"The value of increased utilization made possible through cost savings and additional revenue adds up to $2,071,000. Even deducting the one-time savings of $1.5 million in equipment investment, the $571,000 remaining is a substantial sum of money."

Extra dividends

Better utilization of special cars alone, SURCOM contends, "not only contributes substantially to net revenues and customer satisfaction, but also greatly reduces such allied expenses as number of cars needed, per diem, switching costs, maintenance expense, paperwork expense, tracing cost, taxes, interest and so forth."

At present, SURCOM is hoping to get started with 10 roads—seven operating in the northwestern quadrant of the country and three running east from Chicago. These 10 would give the organization data control over about 650,000 freight cars—better than one-third of total Class 1 ownership. This balance of initial membership, the organization believes, would start the operation on a workable basis—and still cover all the problems that would be faced in a nationwide, all-embracing inter-connect communications program.

• **Starting when?** SURCOM figures its time needs as eight to 10 months from the start of programming until the first roads can be cut in. Expansion to include 50% of Class 1 roads would require another six to 10 systems over a three- to five-year period after that.

The system's demands on the computer center are strict. SURCOM wants provision for 100-word-per-minute Teletype full duplex, controlled line computer input and output. Initial service is estimated to require 75 circuits, assuming that each road will require six single stations connecting its headquarters communications center to the central computer. Other circuits would be used for off-line, intra-railroad service.

SURCOM computer input is estimated at 15 million characters per day, output at 7.5 million characters per day. Input messages can be long—an

(Continued on page 38)

How will railroads 'vote' on ACI?

While SURCOM is seeking to promote better inter-road communications, a group of carriers is moving into a different—but related — survey area. Selected roads are being asked for operational and economic analyses of automatic car identification (ACI). They are also being asked to consider the efficiencies and economies which might be developed through establishment of a national railroad computer center—a move which might well become feasible with universal use of an ACI system, and one which some believe is essential if ACI's maximum benefits are to be realized.

Over the past two and a half years, 25 railroads, a number of supply companies and the AAR Research Center have been studying the technical feasibility of ACI. Recently, the AAR board approved an appropriation of $50,000 for the Research Center to field-test several ACI systems. And, at the same time, a committee of 10 roads was formed "to recommend a program of study under which a successful effort could be made to determine the uses to which ACI data might be put." It's this committee which prepared the questionnaire on ACI and centralized computer accounting.

● **ACI—It's practical.** The committee has no doubt that ACI will work. A number of manufacturers "have developed workable prototype equipment," the group notes, and "it can definitely be stated at this time that ACI is technically feasible."

Six ACI equipment manufacturers have field tested their systems: American Brake Shoe, Electronic Associates, General Electric, Link, Sylvania Electronics, Union Switch & Signal.

But, the committee adds, "not enough is known as to the extent each railroad in the nation would install and use ACI." The current survey is designed to develop information to help the committee in appraising the "potential uses of ACI in such areas as distribution and utilization of cars and other equipment, per-diem and car accounting, revenue accounting, car tracing, yard operations and so forth. It will assist in determining the extent of further study required of these uses of ACI; a plan of action for arriving at a conclusion as to the economic feasibility of ACI; and, if found to be economically feasible, the best means for implementing the adoption of ACI."

The survey is divided into three parts—covering the present extent of mechanization of car records, the uses to which each road would put an ACI system and the reaction to proposals looking toward the setting up of a national computer center. Return date for questionnaires is Dec. 1.

● **Universal application.** The committee emphasizes the need for universal application of ACI labels to cars moving in interchange. It also notes the financial problems which may be involved for some roads. Initial costs, the group estimates, would run $10 per car for labeling and $10,000 per scanning unit installed. Actual costs may be much less—the committee calls the $10-and-$10,000 figures maximum estimates. On the maximum-cost basis, however, the industry's tab for labeling would total about $20 million (including private car line equipment), and to this would have to be added costs of installing scanners.

How would an ACI system work? The committee says:

"ACI information from the scanners could be transmitted directly to the railroad's main office for use by the various operating and accounting functions such as car accounting, car tracing, per-diem accounting, car distribution and control. The timeliness and accuracy of the car-location information thus received directly from the ACI scanners would be valuable and should increase efficiency."

● **Computer potential.** The committee emphasizes that establishment of a computer center is not a prerequisite for adoption of ACI. But it sees sizeable potential in such an installation. Scanners located at interchange points, the group points out, could provide a computer with accuracy and instantaneous primary source material for per-diem settlement. The computer center "would act as a clearing house, taking over the job of calculating and settling per-diem between all railroads, thus . . . creating improved efficiency to the railroads and eliminating a major portion of overlapping and duplicate efforts inherent in existing methods. The timeliness and accuracy of car-location information would also facilitate better utilization of the freight-car fleet through the activities of the AAR Car Service Division."

● **How much can be saved?** The committee's survey asks for careful analyses of savings possible through adoption of ACI and of the additional savings which might come from centralized computer accounting.

Data developed through ACI, the group points out, could help produce better car utilization. Expediting of train movements through yards could cut operating costs. It could also reduce per-diem charges and, ultimately, might reduce car-ownership requirements through more efficient use of equipment. Certain personnel savings might be made possible, through the changeover from manual to automatic checking and recording of car-number information. Similar savings might be made in accounting costs if car-accounting functions were centralized.

● **Advantages to CSD.** Such a national center, the committee suggests, could take over the job of reporting to the Car Service Division regarding car location and cars on hand. It would also provide quick answers to individual railroad queries on off-line location of cars.

Accurate and current car-location information, the group declares, "would enable the Car Service Division to do a better job of national car distribution than at present, where car-location information may be three weeks old by the time it is received. The better inter-railroad distribution of cars, as well as intra railroad car handling, made possible by current and accurate information should increase car utilization."

Let it rain . . .

In a period of twenty-five years in this country enough rain and snow fall to submerge a boxcar in 75 feet of water. COR-TEN Steel can withstand twenty-five years of rain and snow and still show up in excellent shape.

One railroad, for example, built a fleet of 5,800 boxcars back in the Thirties. They specified COR-TEN Steel. This foresight turned into a dividend. Out of the original fleet, over 5,537 are still hauling freight today. No failures were noted on the COR-TEN Steel parts due to corrosion.

There are two good reasons for this long haul, day-in and day-out performance by COR-TEN Steel in rain and shine. Paint lasts longer on COR-TEN Steel; and COR-TEN Steel forms its own defense against corrosion with a dense, tightly adhering oxide. COR-TEN Steel proves this point in the hundreds of thousands of freight cars on the rails today.

Along with an excellent resistance to atmospheric corrosion, COR-TEN Steel has a price/strength ratio that

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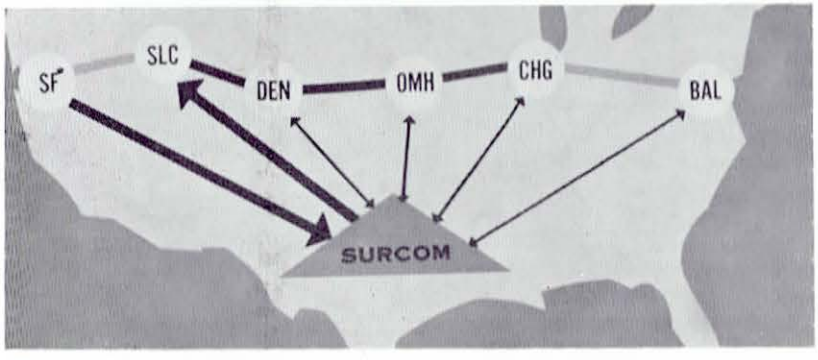
invites comparison with other materials. Despite its high yield point of 50,000 pounds per square inch, hot-rolled COR-TEN Steel is priced less than ten cents a pound. And there's a bonus that accompanies all steels—a modulus of elasticity of 29,000,000 pounds.

In your next analysis of construction materials, apply the reliability yardstick across the board. Check out past performances, fabricating techniques, price/strength ratios, and the well-respected factor of durability. If COR-TEN Steel matches your design requirements, give our nearest sales office a call, or write to United States Steel, Room 6919, 525 William Penn Place, Pittsburgh, Pa. 15230. *USS and COR-TEN are registered trademarks.*

United States Steel USS

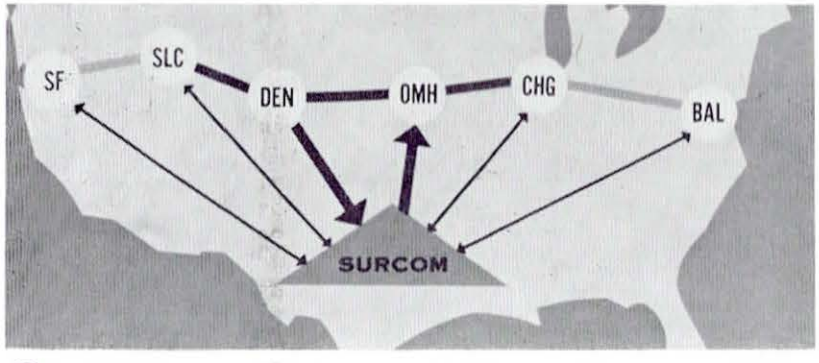
SURCOM in action

Arrows indicate information flow patterns on a transcontinental movement, with SURCOM in operation. Bold arrows show input of consist information from origin road and output to connecting road. As the car moves from road to road, patterns of consist data shift to keep pace with the car. Light arrows indicate patterns by which participating roads can query SURCOM on the status of a movement. When the car reaches destination, delivering road can notify originating road direct through SURCOM, to permit the originating railroad to inform the shipper immediately of the move's completion.



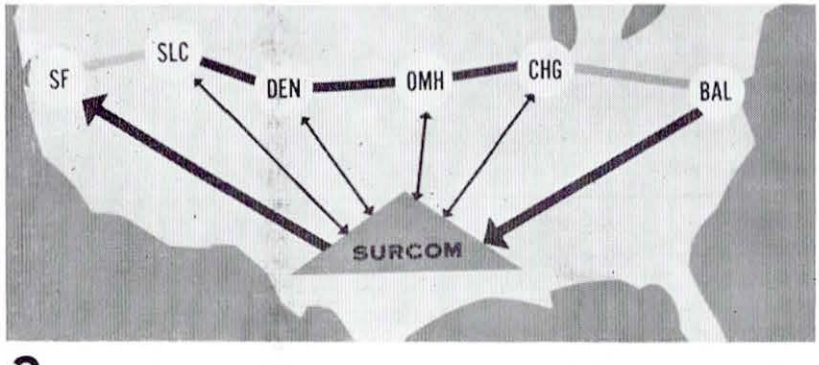
1

Car departs San Francisco. Originating road notifies SURCOM center, which notifies next connecting carrier.



2

Input and output patterns change as the car moves across country. At all times, participating roads can query SURCOM as to status of the movement.



3

On delivery, destination road notifies originating road, via SURCOM, and originating road can notify shipper.

reduced by 10% and the utilization increased by two days per car per month. This will give 97,200 car days per year, producing $972,000 in net revenue on an equipment investment of $13.5 million.

• **More investment dollars.** "This means a savings on equipment investment of $1.5 million and a reduction in operating expenses of $300,000, giving a total of $1.8 million available for investment—plus $132,000 in added net revenue.

"The value of increased utilization made possible through cost savings and additional revenue adds up to $2,071,000. Even deducting the one-time savings of $1.5 million in equipment investment, the $571,000 remaining is a substantial sum of money."

Extra dividends

Better utilization of special cars alone, SURCOM contends, "not only contributes substantially to net revenues and customer satisfaction, but also greatly reduces such allied expenses as number of cars needed, per diem, switching costs, maintenance expense, paperwork expense, tracing cost, taxes, interest and so forth."

At present, SURCOM is hoping to get started with 10 roads—seven operating in the northwestern quadrant of the country and three running east from Chicago. These 10 would give the organization data control over about 650,000 freight cars—better than one-third of total Class 1 ownership. This balance of initial membership, the organization believes, would start the operation on a workable basis—and still cover all the problems that would be faced in a nationwide, all-embracing inter-connect communications program.

• **Starting when?** SURCOM figures its time needs as eight to 10 months from the start of programming until the first roads can be cut in. Expansion to include 50% of Class 1 roads would require another six to 10 systems over a three- to five-year period after that.

The system's demands on the computer center are strict. SURCOM wants provision for 100-word-per-minute Teletype full duplex, controlled line computer input and output. Initial service is estimated to require 75 circuits, assuming that each road will require six single stations connecting its headquarters communications center to the central computer. Other circuits would be used for off-line, intra-railroad service.

SURCOM computer input is estimated at 15 million characters per day, output at 7.5 million characters per day. Input messages can be long—an

(Continued on page 38)

Flash report on '64 capital spending

Railroads will spend more in '64, with cars and diesels high on their shopping lists. Outlook: A billion-dollar-plus year.

Railroad capital spending will curve sharply upward in 1964. Budgets now streaming out of railroad front offices call for increases in capital outlays ranging from the modest (Illinois Central's 1%) to the spectacular (Baltimore & Ohio's 100%).

A Railway Age survey of 39 Class I roads indicates that total capital expenditures next year will soar well past this year's billion-dollar figure.

Many of the traditional heavy spenders—Union Pacific, Southern Pacific, Missouri Pacific—plan to maintain '64 spending at least at this year's high levels. Other big spenders plan to lay out even more in '64. A shining example: Chesapeake & Ohio directors last Thursday approved a whopping $91-million capital program—an all-time high and 30% above the '63 figure.

● **Rolling stock boom.** Freight cars and locomotives will be high on shopping lists. C&O, for instance, has earmarked $81 million of its $91-million total for equipment—primarily coal hoppers, box cars and diesel locomotives.

Another big carrier—which in recent years has been among the top two or three spenders in the industry—will soon announce a 20-25% increase in capital spending for '64.

Railway Age's poll was triggered by a Business Week "survey" which predicted—to the astonishment of veteran observers on the business scene—a 14% dip in railroad capital spending in '64.

● **Ask the man who knows.** To clear up the picture, Railway Age went to the only men who really know, at this stage, the spending outlook—the chief executives who do the arithmetic and place the orders.

The response was overwhelming—and the picture that emerged was bright enough to put a sparkle in any supplier's eye.

Out of the 39 railroads that responded to the poll, 22 indicated increases in capital spending. Ten said spending would be maintained at least at present comparatively high levels. Two said it was too early in the budget-planning process to give any firm idea of future plans. Only five foresaw decreases—and in every case these were special situations that did not appear to reflect any industry-wide pattern.

For example, Norfolk Southern expects (and so informed Business Week) a 74% drop in spending. Reason: a $3-million locomotive order this year that distorted the '63 picture for this small-spending road. Reading will be down 33%—due to a five-year spending program that provided for a heavier-than-normal first year. Western Maryland will be down by 15% (but will still be 50% above '61 and '62). Unusually large spending programs this year mean decreases in planned '64 expenditures for Denver & Rio Grande Western (30%) and Soo Line (unspecified)—but Rio Grande, for instance, notes that expenditures for freight cars will actually increase by $1 million.

● **Up, up, up.** In the increase column, however, there are big-spending roads like Northern Pacific, whose $34-million budget for 1964 represents a 42% increase over 1963. Great Northern, without specifying dollar figures, expects an increase of 19%; Frisco, 25%; Wabash, 10%; Maine Central, 48.1%; Burlington, 6.9%. A sizeable-spending western carrier is not ready to let it be known yet, but is budgeting a 25% increase.

Percentage gains big

For some of the smaller-spending roads, planned increases for next year are even more spectacular, in percentage terms. Chicago & Eastern Illinois expects to be up 400%; Bessemer & Lake Erie, 361%; Delaware & Hudson, 186%.

"Slight" increases are anticipated by Chicago & North Western, Jersey Central, Monon, Rock Island.

Roads expecting no substantial change from 1963 spending levels include Canadian National; Gulf, Mobile & Ohio; Kansas City Southern; Missouri Pacific; New York Central; Norfolk & Western; and the Seaboard Air Line.

Among carriers who submitted confidential replies were a major road in the South which expects a 10% increase; and a midwestern road whose tentative budget is up 89%.

● **Grounds for optimism.** These railroad programs, only a few of which have so far been publicly announced, give substance to the optimism that has been gaining strength in recent weeks in association and supply circles.

J. Elmer Monroe, vice president of the Association of American Railroads and director of the Bureau of Railway Economics, told Railway Age last week that he confidently expects capital expenditures next year to be "significantly higher" than 1963's, which are now estimated at $1.023 billion.

Suppliers spot-checked last week were uniformly bullish. C. A. Mapp, vice president—sales of Thrall, reported a "considerable increase in backlog and inquiries," and added:

"I'd say 1964 is going to be a much better year than 1963, and it may be one of the best years we've had."

Pullman-Standard reports that "the first six months of 1964 look better than the same period in 1963 and may be the best six-month period since 1958."

North American finds prospects "very good. . . . We're entering 1964 with a $10-million backlog—double the backlog we had at this time last year."

● **Fast-changing picture.** All of this indicates that the Business Week survey, which is highly respected by the business community, may have been far off the mark. Best guess is that the BW survey, made in October, came at a time when most capital budgets were still in the early-planning stage.

It is axiomatic, of course, that no industry is more subject to sudden ups and downs than the railroad industry—and the picture could change suddenly, for better or for worse. But at the moment, optimism is high—and it's reflected in the railroad capital budgets that will be making headlines for weeks to come.

PATH cleared for car orders?

The Supreme Court's dismissal of an action against the Port of New York Authority may be the green light for the Authority to order 150-260 transit cars. Bids are due this week.

The four carbuilders who are vying for a contract to build between 150 and 260 transit cars for the New York Port Authority were notified last week to re-submit their bids for possible early action on them.

Companies involved are Budd, Pullman-Standard, St. Louis Car, and Hitachi, Ltd., a Japanese builder.

• **A clear PATH?** The move by PATH (Port Authority Trans-Hudson Corp.) followed the dismissal Nov. 12 by the U.S. Supreme Court of an attempt to block plans for the Port Authority's World Trade Center on New York's lower west side. Action on the car order has been held up because of the Authority's involvement in the World Trade Center litigation which prevented the sale of bonds to finance the cars.

The Port Authority's plans to build the $420 million Trade Center in a 13-block area are being opposed by a group of merchants and business people who have challenged the constitutionality of the project. The opponents have 25 days to apply for a rehearing before the high court.

Meanwhile, the Port Authority plans to "act as quickly as possible" in reviewing the car bids and awarding a contract.

S. Sloan Colt, chairman of the Authority, said "we are moving at once to try to make up some of the time lost" by the law suit. He said the litigation has "impeded our attempt to provide proper and adequate service" to the commuters who use PATH's lines (Hudson Tubes) under the Hudson River into New Jersey. The line carries 100,000 New York-New Jersey commuters daily between Newark, Jersey City, Hoboken, and terminals in lower and mid-Manhattan.

Bids for the new cars were submitted to the Authority last February but were returned unopened when a New York court held unconstitutional legislation under which the Authority operates the former Hudson & Manhattan Railroad (Hudson Tubes). In April, however, the Authority decided to call the bids in again for a three-month evaluation while the court action was awaited.

• **Proposals amended.** In August the Authority again returned the bids to the builders with a request to amend the proposals based on new car design features developed by PATH and its technical consultants. At that time, Austin J. Tobin, executive director of the Port Authority, and President of PATH, said the previously anticipated 18 months for manufacture and field testing of lead or prototype cars would be eliminated in the amended proposals.

The carbuilders were asked to amend their proposals to conform with a new arrangement of seats, doors and circulation areas developed by PATH staff and consultants. The proposals requested now presumably have been amended to comply with the Port Authority's requests.

A $20,000 renovation job has given Burlington a new look in Chicago.

Burlington's new look

The road's spruced-up Chicago passenger ticket office is expected to earn even more than last year's high of $3 million.

Equipped with a new look, Burlington's Chicago passenger ticket office is setting its sights on a sixth consecutive record-breaking year. Revenues from the office last year topped $3 million—double the five-year-ago figure. This year, without the benefit of the Seattle World's Fair and despite two damaging strike threats, CB&Q expects the office to match or top 1962.

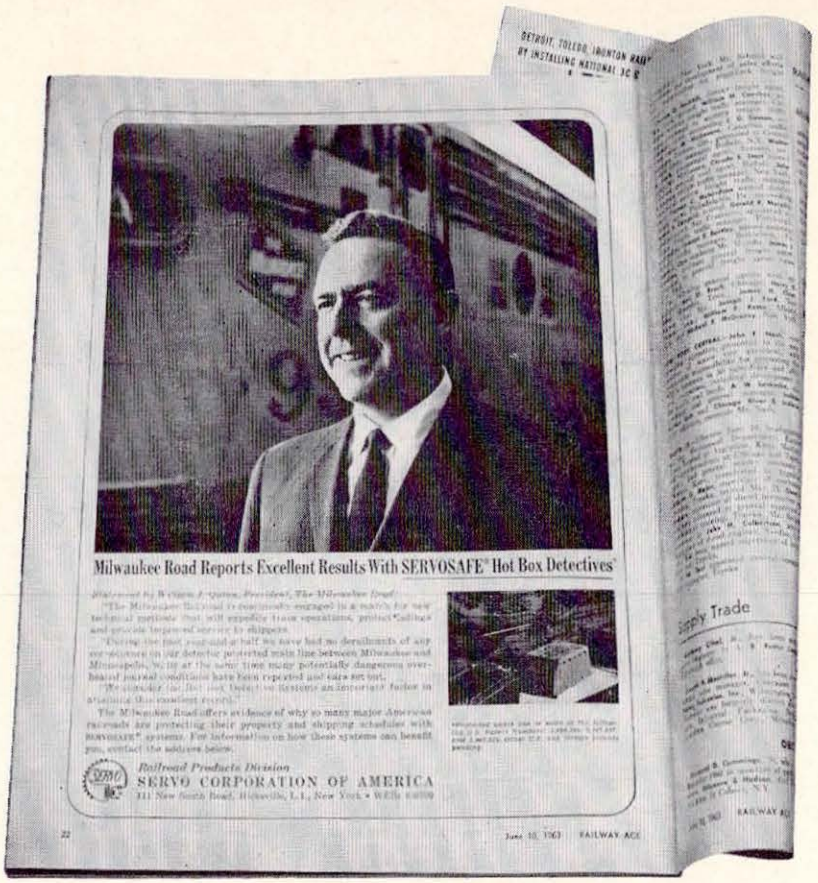
Confident the upward trend will continue, Burlington recently pumped $20,000 into the office, renovating it for the first time since 1941. In addition to providing a new look, the renovation speeds up the ticket selling process, increases capacity and offers new evidence that Burlington is running hard to get passenger business.

The renovation itself was achieved without interrupting the office routine. Workmen reported after closing hours, cleaned up before the office opened in the morning. When they finished, the office had a modern motif which gives the impression of more space and more light. Room was made for an additional ticket seller, and the number of will-call positions was increased from one to three. The Chicago facility is the third CB&Q office to be remodeled in the past 18 months. Previously, the Kansas City and Minneapolis offices were redecorated.

System-wide, Burlington's passenger revenue in 1962 was $22,043,503—an increase of $832,288 (3.92%) over 1961, and the best performance since 1946. Burlington's share of the Western District rail passenger market was 10.43%, the result of 10 consecutive annual increases. The 1962 business was aided by the attraction of the World's Fair in Seattle.

This year there was no fair on the West Coast and CB&Q felt the effects of two strike threats during the summer vacation season.

Why advertise to railroad timber agents if you're selling hot box detectors?


Milwaukee Road Reports Excellent Results With SERVOSAFE® Hot Box Detectives
Railroad Products Division
SERVO CORPORATION OF AMERICA

Advertising for Servo by Smith, Winters and Mabuchi, New York

Servo doesn't

There are three groups of railroad men who are the active buying influences for hot box detectors.

They are the *management group*, the *signaling and communications departments* and the *mechanical department*. But timber inspectors, auditors of freight revenues and a host of other railroad men, important in their own fields, couldn't care less.

Servo Corporation of America chooses the live prospects with a custom-tailored buy in the Railway Age Group. For the management group, Railway Age weekly. For the signaling and communications departments, Railway Signaling and Communications, and for the mechanical department, Railway Locomotives and Cars – two of the specialized railway monthlies. For overseas sales, Servo uses International Railway Journal.

Immediate advantage: Elimination of much costly waste circulation. You pay *only* for the audience you want to reach.

Added advantage: *Standout readership*—in books where both the editorial content and the ads are beamed directly at the special interests of particular groups.

No deadheads

In the Railway Age Group, advertising is read with exceptional interest. Readership of Railway Age, with its alert, up-to-the-minute reporting, is among the most thorough of *any* of the 19 business publications studied by Mills Shepard, Inc. One reason, of course, is that every copy reaching railroad men is a paid subscription copy.

And the four specialized monthlies of the Railway Age Group are consistently voted "most useful" in their field—by margins as high as 6 to 1 over the competing general railway monthly.

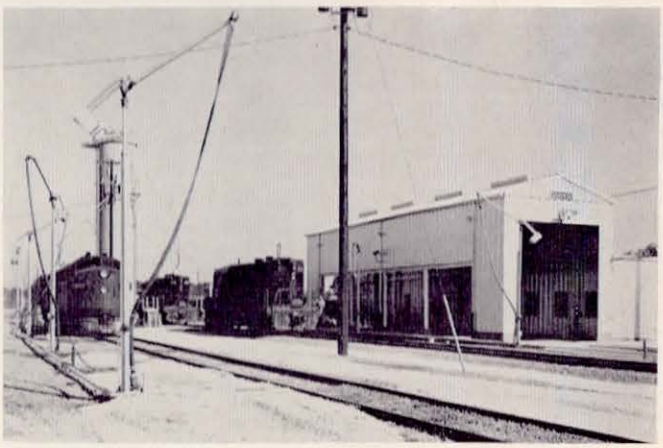
No wonder Servo placed 37 pages of advertising in the Railway Age Group during the twelve months ending June, 1963. No wonder more than 70% of *all* advertising in the railroad business magazines appears in the Railway Age Group! Ask your Railway Age man for the full story. Simmons-Boardman Publishing Corporation, 30 Church Street, New York 7, N. Y. WO 4-3060.

THE RAILWAY AGE GROUP

Railway Age • Railway Track and Structures • Railway Locomotives and Cars • Railway Purchases and Stores • Railway Signaling and Communications • International Railway Journal

Louisville & Nashville's new coal yard at Madisonville, Ky., handles 1,500 cars daily.

Weigh cars pass over scale on 4 ft elevation.



Servicing facilities were constructed at the yard.

One yard replaces three on L&N

New 20-track yard at Madisonville, Ky., provides faster, better service to coal producers in Western Kentucky mining area. It also provides sufficient room for expansion, when needed.

In the heart of the Western Kentucky coal fields, Louisville & Nashville recently dedicated its new, modern coal classification yard at Madisonville. Increased coal traffic in recent years made three former yards at Madisonville, Earlington and Morton insufficient to handle cars promptly from mines in the area.

Constructing a new 20-track yard at Madisonville enabled the L&N to centralize its classifying operations at one facility. The new location—on the Evansville, Ind.-Nashville, Tenn., mainline—provides efficient access to major coal-using areas. Another reason for choosing the Atkinson yard site at Madisonville is that it offers room for expansion.

• **Yard cost $1,750,000.** The 20 tracks of the new yard have a capacity of 1,334 cars. The south or receiving yard has 12 tracks with a capacity of 613 cars, while the north or class yard has 521-car capacity on its 8 tracks. Cost of the new yard, including diesel servicing facilities, signaling and communications installations, floodlights and an electronic scale, totaled $1,750,000.

As part of the new yard project, power switches and controlled signals were installed at the yard entrances to expedite movements. These yard entrance interlockings are CTC controlled, as is the mainline.

• **1,500 cars a day.** The new yard classifies between 1,400 and 1,500 cars daily. Cars are eased over a 4-foot elevation, roll across a 200-ton, 72-foot, Streeter-Amet electronic scale, then proceed down into the 8 class tracks.

A switch foreman at the scale house controls the GRS model 13 electric switches for directing cars to the proper track. Each switch is protected by General Railway Signal ultrasonic detectors, one ahead and one trailing each switch to detect the presence of cars.

In addition to providing gravity for classifying, the elevation was constructed to enable weigh cars to roll freely over the electronic scale. L&N reports that the operation has proved to be satisfactory, and that a 4 mph coupling speed is being obtained.

• **Radio on engines.** Nine yard engines work in the mine area served by the new yard. All are equipped with radio to provide instant two-way communications between crews and supervisory personnel. During each shift, one engine works in the yard. A separate VHF radio channel was provided to give the switch foreman direct contact with this yard engine. He can also direct the classifying operations by means of a wayside colorlight signal.

• **Provides diesel facilities.** Diesel locomotive servicing facilities provided at the yard include fueling and sanding platforms served by a 250,000-gallon fuel tank and a sand elevating and storage tank. Light repairs to locomotives are made in a prefabricated metal shop building housing an inspection pit.

Pricing problems are critical

European railway leaders hear B&O President Langdon describe the pitfalls in handling divisions of inter-territorial through rates.

LANGDON

By Jervis Langdon, Jr.
President, Baltimore & Ohio

In mid-October, executive officers of principal West European railways and a group of economists met in Switzerland, with the Swiss Federal Railways as hosts. Their purpose was to discuss the railroad pricing problems which have assumed great importance since the formation of the European Economic Community and the consequent spectacular increase in international traffic. The rate problems which have now arisen in Europe parallel to a considerable degree those that arise in pricing inter-territorial railway traffic in the United States.

President Jervis Langdon, Jr., of the Baltimore & Ohio was invited to attend the conference and to report on those aspects of U.S. experience in railroad pricing relating directly to the problems involved in greater unity among the European railways. The article herewith is Mr. Langdon's report (slightly abridged) and is published by his consent and that of Dr. J. Favre, general manager, Swiss Federal Railways. The author believes our railroads have been slow to solve these problems—but he is quite hopeful that they are now proceeding to do so.—EDITOR.

In the United States there are over 100 major railroads and about 500 smaller ones. All are subject to economic regulation by an agency of the federal government known as the Interstate Commerce Commission (ICC). Every phase of the rate-making function comes under the over-riding control of this public body.

Nevertheless, the railroads still have the right to initiate rate proposals, and for this purpose they divide themselves into a number of associations, each with a defined territorial scope—East, South, and West, with the West having several important sub-divisions. The associations perform an agency role, carefully defined in formal agreements approved by the ICC, and provide the machinery not only for publishing rates but also for sifting, at public hearings prior to the filings with the ICC, and otherwise, the various rate proposals that originate with individual railroads and shipping interests.

It is, of course, true that individual railroads retain the right to publish rates by "independent action." Such action is frequently taken for specific movements of traffic when it is necessary to avoid the delays inherent in group rate-making procedures or when the individual railroad is not satisfied with the group's decision.

The associations also have machinery and established procedure for the making of through rates among the different territories within the United States and between the United States and Canada. Traffic moving between the United States and Mexico employs combinations of domestic rates, equalized at the various gateways.

There is no such thing as uniform rate levels in the United States. In 1887 the ICC advocated a uniform freight classification for the thousands of items of commerce. Some 60 years later it was finally achieved. But even now, and despite this uniformity of classification, the actual rate scales that apply to the classification are higher to and from and within that part of the country known as Mountain-Pacific territory.

● **The class rate story.** But class rates have been much too high to move any appreciable traffic, particularly in carloads. Under the pressure of competition from every side, the railroads, to retain important movements, have published innumerable exceptions to the classification on lower and varying levels. An even more popular form of tariff publication, the commodity rate, is also designed to meet competition in the movement of specific commodities, often in bulk. Here, the territorial levels on the same commodity show variations too. In the East, for instance, manufactured iron and steel moves at certain levels; in the South it moves at lower ones. In the West, cement will take higher rates than in either the South or East, and so on and so on. When it comes to inter-territorial rates, the question usually is, shall the commodity rate level applicable in the destination territory apply? An affirmative answer is now more frequent than it used to be. There is less challenge, of course, if the destination territory is not competing in production.

These different rate levels are the result of many different influences. Although impossible to measure with precision, it is believed that, in recent years, the differences have been narrowing. No rate-making territory in the United States is exempt from the pressures, constantly mounting, of highway and waterway competition, and the general trend in rates, particularly since 1960, has been down. In the East, for example, certain railroads are contemplating a substantial reduction in iron and steel rates to a level more comparable to the one in the South—a territory where railroads, in the transportation of iron and steel, have been much more successful in dealing with highway competition. Reduced rates on grain from northwestern states to ports on the Gulf of Mexico to meet the competition of the St. Lawrence Seaway and, more importantly, barge transportation on the Mississippi River system, force reductions to the same level from the same origins to ports on the North Atlantic.

● **Rate complexity.** Aside from exhibiting so many different levels on the same commodity, rate tariffs of United States railroads are extremely complex. It is estimated the railroads presently publish more than 12,000 individual tariffs, some of them with as many as 1,500 pages, naming literally trillions of rates. Except for the highly sophisticated, there is much confusion. There is as yet no common numbering system, and no common index, although steps to eliminate this deficiency are being taken. The search is always for the lowest rate. Often this is not to be found in a single tariff but requires examination of tariff supplements that bring the base rate up to date. Moreover, what appears to be the lowest through rate may be higher than a combination of separate rates to and from intermediate points that are to be found in separate and different tariffs, and a second such combination may be lower than the first. Sometimes, a lower rate from a further distant point can be located in still another tariff and its application enforced because the railroad has no authority to publish higher rates from intermediate points. A general reduction in rate level may leave in effect

'Divisional controversies . . . should be avoided. They sap strength needed for other purposes.'

still lower specific rates previously published, and since these are ordinarily applicable, they can not be overlooked.

Built into the regulatory scheme are strong safeguards to prevent railroads from discriminating by means of rebates or other forms of favoritism to secure traffic from particular shippers. Failure to comply with these statutory roles will, and frequently does, result in criminal prosecutions, with fines being assessed against the offending railroads.

• **Blind alleys.** The experience in the United States appears to reveal at least three blind alleys.

In the maintenance of joint through rates among the several rate-making territories, railroads in the United States have failed either to develop fair and workable criteria for use in dividing the revenue or to establish machinery for resolving the inevitable disputes.

In the determination of what constitutes undue discrimination in the maintenance of different rate levels, or the same rate level, different yardsticks have been used from time to time, and there has been great uncertainty and confusion. It is even worse today.

And finally United States railroads are only now—some 30 to 40 years late—beginning to have an understanding of the basic principles that apply in the making of competitive rates and to make actual rates reflecting such principles.

• **Joint rates.** When a published freight rate covers transportation over two or more United States railroads, it often takes the form of a joint rate. Such a rate has been defined as follows:

"In common-carrier regulation the term 'joint rates' has acquired the definite meaning that two or more carriers forming a through route have agreed, expressly or impliedly, to participate in transportation over different segments of the through route to form a complete service, and that they have agreed upon and join in a combined or total charge, known as a 'joint rate,' instead of requiring the payment by the shipper of each carrier's individual rate."

Obviously, a joint rate must be divided among the participating railroads, and if they cannot agree among themselves, the ICC has jurisdiction. Statutory criteria include proportionate costs and revenue needs. There is no formula in this regard, and the ICC is prone to announce divisions that it regards as "fair."

Since 1920, when its jurisdiction in this regard was broadened, the ICC has acted as referee in a never-ending procession of bitter controversies involving divisions of inter-territorial rates, that is, the primary divisions of rates applying on traffic moving between the several rate territories. All railroads in the northeastern United States have been in litigation with all of the railroads in the southeastern states on three different major occasions since the early 1930's. Indeed, the contest still rages as to the aggregate shares that should accrue to each side on traffic passing through Washington, D.C., Richmond, Va., Cincinnati, Ohio, and similar inter-territorial gateways. Other controversies, all of them lasting years, even decades, have involved the northeastern and transcontinental railroads, and the northeastern and southwestern railroads. There have been many side controversies among railroads representing subdivisions of the west, the mid-western and the southwestern railroads, the mid-western and both the northeastern and transcontinental railroads. In addition, public quarrels among individual railroads over divisions have been common.

• **No alternative offered.** When it comes to dividing joint rates, there are bound to be disputes. But the railroads in the United States take these disputes to the ICC—not because it is required—but rather because they have failed to provide an alternative. Proportionate costs are, of course, primary evidence as to how joint rates should divide. Here the railroads cannot even agree on the basic approach, let alone the yardsticks to use in estimating future costs. A broad program of impartial cost research in the American railroad industry, proposed over a decade ago for the purpose of making it a more intelligent competitor vis-a-vis highway and waterway transportation, was rejected by important railroads as promising to influence the outcome of then pending controversies over divisions. Nine years later a substantially similar program was finally permitted to go forward (and is presently under way).

Relative revenue needs—another statutory criteria for the ICC to take into account in dividing joint rates—are always at issue. The different railroads vie with each other in offering proof of the inadequacy of their own profits despite the most efficient operations and the handsome returns that the opposing railroads could make if only they would increase their operating efficiency. Before World War II, when the southeastern states were regarded as the country's major economic problem, the ICC authorized inflation in the divisional factors accruing to railroads serving this area. Later, the ICC cancelled this inflation when the lot of the southeastern railroads improved and that of the northeastern railroads deteriorated. Only recently, examiners for the ICC proposed that the inflation (which once had belonged to the South and was later cancelled) be reestablished and added to the divisions of the northeastern lines—a complete reversal in the relative position of the two groups of railroads in a 25-year period.

• **Wasteful controversy.** Divisional controversies of this character can and should be avoided. They sap strength desperately needed for other purposes. Seven hundred people were specially employed for several years to represent the railroads on one side of one such recent controversy. During the pendency of these struggles the publication of through rates is often held up because of inability to agree on divisions. Here, of course, the competing highway and waterway interests are the only ones to gain.

The problem of divisions is presented by joint rates. It can be avoided if rates of a different character can be provided. For instance, it is altogether possible to have through rates that are not joint. Combinations of local rates to and from points of interchange can serve as through rates and be published as such. Rates so constructed divide themselves. This approach puts the obligation on each railroad to name that part of the through rate that should accrue to it. For years, with international traffic passing between the United States and Canada and Mexico, there has been no serious difficulty. This is so despite the fact that on traffic to and from Canada many of the rail rates are joint, with no established machinery for resolving disputes over divisions. The ICC has jurisdiction only to the international border, but it can prevent

American railroad participation in through rates it finds to be improper.

If agreement on through rates that divide themselves is not possible and inter-railroad disputes over divisions of joint rates are regarded as unavoidable, machinery for settling such disputes can easily be established. Arbitration is certainly one approach. In time, there would evolve criteria which would find general agreement, and the disputes would largely resolve themselves. In the implementation of a common transport policy in Europe, it is not necessary for railroads to go through the same grim experience as United States railroads have done and are still doing.

● **Why regulation?** The principal reason for bringing United States railroads under ICC regulation in 1887 was to eliminate discriminatory rate practices. At first, shipping interests were the principal complainants. Later the Congress made it clear that ports, port districts, gateways, and transit points could also complain of discrimination. Still later, in 1940, the same right was extended to regions, districts, and territories.

From the experience of the United States with this subject, certain conclusions can be drawn.

In no event can an issue of rate discrimination be entrusted to the politicians. When states in the southeast sought to attribute part of their plight in the depression of the 1930's to a higher rate level in shipping to the northeast than applied within that territory itself, there was a great hue and cry, and the distinguished former chairman and member of the ICC, Joseph B. Eastman, was moved to say in a separate dissenting opinion:

"The Commission is called upon to decide this case, on the record, after it has in effect been decided, in advance and without regard to the record, by many men in public life, of high and low degree, who have freely proclaimed their views on what they conceive to be the basic issues. . . ."

Aside from keeping politicians quiet, there are other problems. For example, in dealing with an issue of discrimination, the use of the transportation standard is not always dispositive.

● **Uniform level upheld.** In the controversy referred to by Mr. Eastman, a uniform level of class rates for the entire United States east of the Rocky Mountains was ultimately prescribed (and upheld by the United States Supreme Court) despite a showing of different transportation conditions. The higher rates were found to be arresting the development of the complaining territories and making it difficult "for an agricultural economy to evolve into an industrial one." Higher rates, in other words, were held to be "man-made trade barriers" that amounted to unlawful discrimination. The United States Supreme Court had previously said that "discriminatory rates are but one form of trade barriers," and the argument of counsel for the U. S. Government had emphasized:

"One of the basic principles in making freight rates should be the elimination of rate barriers against regional development, not to change our economy, but to remove discriminatory conditions which unfairly and unlawfully prevent the possibility of change."

Unfortunately, in the cited controversy, the class rate levels in the complaining southern and western territories were so much higher that, to bring about uniformity, it was not enough to reduce them. It was also necessary to increase the much lower northeastern rates. This latter move came under immediate attack as a "surtax" and "added solely to increase shipping costs in the northeastern part of U. S. for the purpose of handicapping its economy and in order to make transportation cost as much there as it does in areas where there is less traffic to divide the cost."

Clearly, the use of the transportation standard in measuring different rate levels may include an inquiry as to whether the higher rates are themselves responsible for such higher costs as may be cited in their defense.

A related problem is whether different competitive conditions justify different rate levels. Suppose, for instance, that Territory A justifies a lower rate level on internal traffic on the ground of water competition that is not encountered in movements to this territory from Territory B. Almost 60 years ago, Sir William Acworth, the English economist, had this to say:

"To call upon a railway company to give an inland town rates on the same scale as those which it gives when there is sea competition, simply because it there gives them, is to call upon it, not to maintain equality, but to counteract an inequality for which, not the railway company, but the Author of the Universe is responsible."

Generally speaking, the same view has been held in the United States. In literally hundreds of cases, United States railroads, with ICC approval, have gone to the point of charging less to further distant competitive points than to directly intermediate stations not affected by the same competition.

In thus confining competitive rates to specific points where actual competition has existed or been threatened, railroads in the United States, in my judgment, have been shortsighted and failed to act in their own best interests over the long term. New industries have passed up choice inland sites and preferred locations on inland waterways. Many existing industrial operations at inland points have simply pulled up stakes and moved to rivers and lakes and tidewater. And yet the inland shipper is the railroads' best friend. The very least he should receive is equal treatment.

At long last, however, the question has become academic. Highway competition is no longer confined to specific points. It is everywhere, with the result that competitive rate levels, to be effective, must also be applied everywhere. Moreover, in their own self-interest, railroads serving inland stations are now demanding rates on the same level as at water competitive points, and getting them.

● **Meeting competition.** A third blind alley has been the disinclination of railroads in the United States, when attempting to "meet" competition, to do more than to quote the same rates (with minor adjustments) as the competition. Instead of asserting their substantial operating cost advantages over highway transportation, railroads have generally published "competitive" rates on the same level as the highway carriers. When faced with water competition, railroads have even been willing, in many cases, to include in their rates a differential over and above the full cost to the shipper of using water. The purpose of the differential has been to even the score—from the point of view of the shipper—between the faster rail service and slower water service.

But not only did railroads themselves employ this approach to competitive rate-making, it was also used by the ICC when called upon by highway and waterway carriers to intervene and order the cancellation of reduced railroad rates. For instance, when lower railroad

'It is not necessary for European railroads to go through the same grim experience as U.S. roads.'

rates on commodity X were suspended by the ICC on the protest of highway carriers whose competition they were designed to meet, the principal issue before that investigating body was whether the proposed railroad rates were "lower than necessary to meet the competition." In its decision the ICC would approve rates that provided equal competitive opportunity and condemn rates that promised to go beyond this point (by attracting too much business).

• **Deadly mistake.** Obviously, this approach to competitive rate-making was a deadly mistake. Railroads failed to employ their lower costs as a competitive advantage, and shippers had no incentive to use their services. It is small wonder that during this period (which is only now coming to an end) the railroad share of the nation's ton miles fell from 67 to 43%.

So far as ICC regulation contributed to the situation, an effort to bring about a change was made when the following addition to the controlling statute was adopted in 1958:

"In a proceeding involving competition between carriers of different modes of transportation subject to this Act, the Commission, in determining whether a rate is lower than a reasonable minimum rate, shall consider the facts and circumstances attending the movement of the traffic by the carrier or carriers to which the rate is applicable. Rates of a carrier shall not be held up to a particular level to protect the traffic of any other mode of transportation, giving due consideration to the objectives of the national transportation policy declared in this Act."

For a short period, this rule had some effect, but it was not long before the ICC resumed the practice of increasing railroad rates to protect competing forms of transportation. In several recent instances the courts have had to upset its decisions, and the proposed railroad rates have finally gone into effect.

• **'Low-cost carrier.'** Now that railroads, and hopefully the ICC, are learning the distinction between "making" competition and "meeting" competition, a further complication has arisen. It is the ICC's preoccupation, in reviewing competitive rates, with the question of which mode is "low cost."

Such comparisons are obviously confusing and, if limited to carrier-borne costs, highly misleading for two reasons: (1) If public (subsidy) costs are ignored, the comparisons are invalid on economic grounds, and (2) if ancillary costs borne by the shipper are left out, the comparisons lead to false conclusions. What is more important, the comparisons are beside the point.

By what standard is a mode of transportation to be judged "low" or "high" cost? The ICC approach is to measure the dollars and cents consumed in the performance of the transportation service. But suppose the special service of the higher cost form reduces the production costs of the shipper to the point where it is, for him, the low cost form. Here we have a high cost form from the point of view of carrier-borne expense that is actually low cost from the shipper's point of view. In competitive rate-making, the shipper's point of view is, of course, the one that counts.

It may be argued that a lower cost (in the traditional sense) form of transportation should be protected from the competition of a higher cost form. But why? If a higher cost form, with superior service, can make itself the economic one with an adjustment in rates, why should it be stopped?

• **Reform to survive.** The conclusion is inescapable. If railroads in the United States are to survive as an important form of transportation, they must break their way out of the blind alleys described above. Already, they are beginning to do so.

The most significant development is the growing realization that, in the pricing of railroad service, there is no escape from a full exploitation of such cost advantages as it may possess.

It is not enough for United States railroads to try "to meet" competition. They must go further in an effort "to make" competition and, in effect, "be" the competition.

The day must soon come when United States railroads will be free to make their own competitive rates. They will then assume full responsibility. No longer will they be able to blame the ICC. There will be mistakes, of course, but full responsibility should produce better techniques, more penetrating market research, more knowledge of the behavior of railroad costs, and better qualified personnel, with competitive instincts. Legislation that would give railroads partial freedom in this area, advanced last year by the Kennedy Administration, is presently pending in the Congress. In a free economy, such as we purport to have in the United States, the only possible excuse for the economic regulation of a highly competitive industry such as transportation is to guard against predatory pricing practices and unjust discrimination.

In Europe, as the integration of the various railroad systems under a common policy proceeds, the blind alleys in the United States will, I am sure, be given a wide berth. Had railroads in the United States done so in the past, the industry would today be much healthier. While these mistakes have not as yet proved fatal, it is high time United States railroads changed course. I am glad to report that this is now being done, slowly.

New uses for old railroad facilities

Lithcote acquires PRR passenger car paint shop and C&NW roundhouse for coatings work.

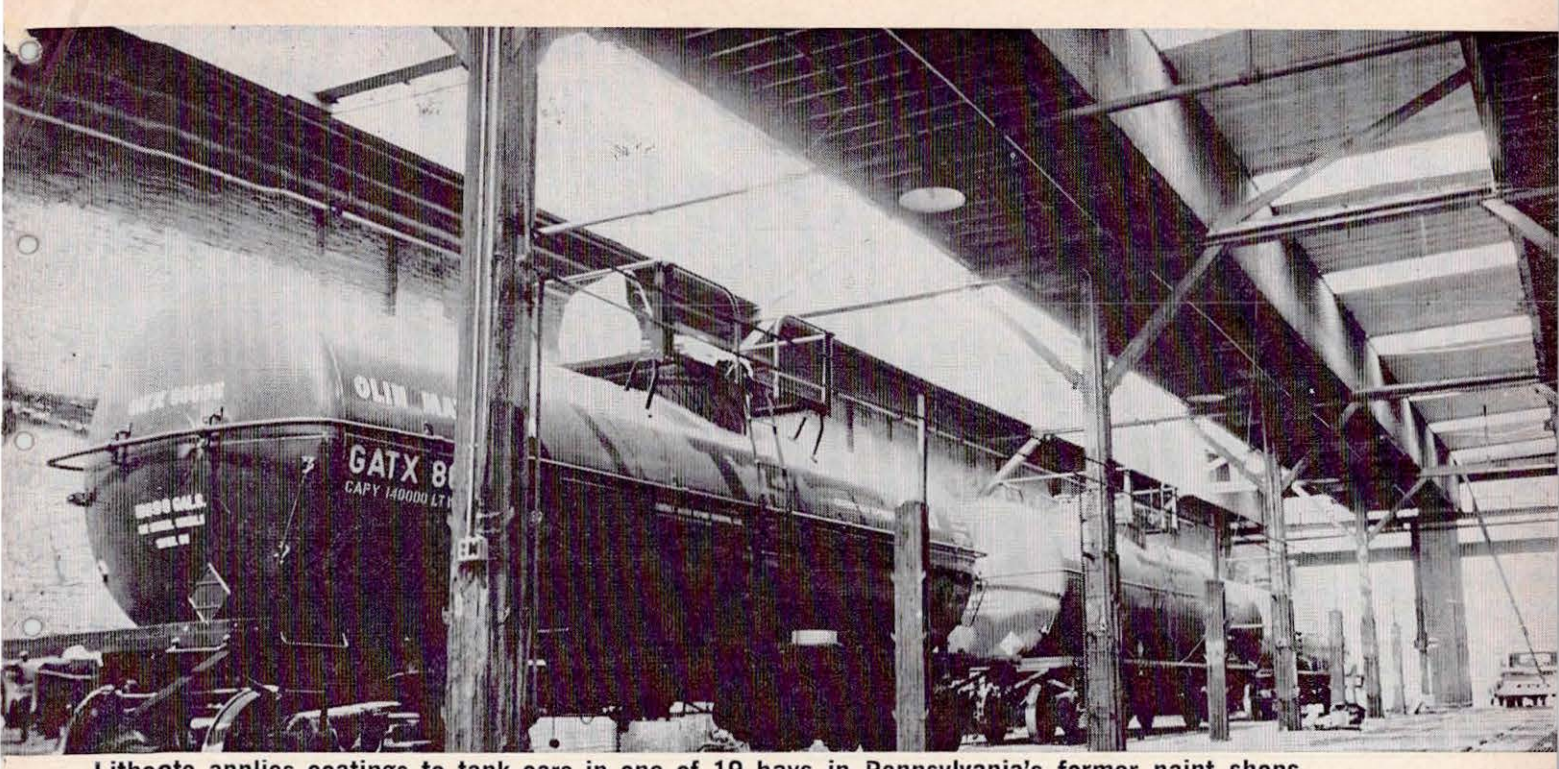
Tank and covered hopper cars are getting inside custom coatings at two former railroad shops.

The Lithcote Corporation, Norwalk, Conn., has converted Pennsylvania's old passenger car paint shop at Altoona, Pa., and Chicago & North Western's steam locomotive enginehouse at Melrose Park, Ill. (Proviso Yard) into production line plants for its operations. Needing facilities with enclosed tracks and high ceilings, the paint shop with its transfer table and the roundhouse with its turntable were adaptable to the spot system procedures used by the company in applying coatings.

Purchased this year, the Altoona building measures 461 by 178 feet, has more than one mile of track, of which about 65% is under roof. It contains 19 bays, which can accommodate four standard cars each. This space is needed because of the company's production processes. For example, to turn out 100 cars a month or approximately five a day, the company must grit blast five cars, bake five cars and with a five-coat application spray 25 coats per day. This requires a minimum of 35 positions under operation at any one time.

• **New water systems.** Production requirements made it necessary to bring in public utilities from adjacent streets. Water connections involved two systems, one for domestic and production use, and a new water service line to reactivate the abandoned railroad fire protection system. The fire protection system required the installation of hydrants in various locations around the property, and a new sprinkler system.

In addition to areas of the building where existing sprinkler systems had to be upgraded, the greater portion of the existing sprinkler system had to be removed, and a new system installed. The new system was designed to take care of the new framing and roof structures.



Lithcote applies coatings to tank cars in one of 19 bays in Pennsylvania's former paint shops.

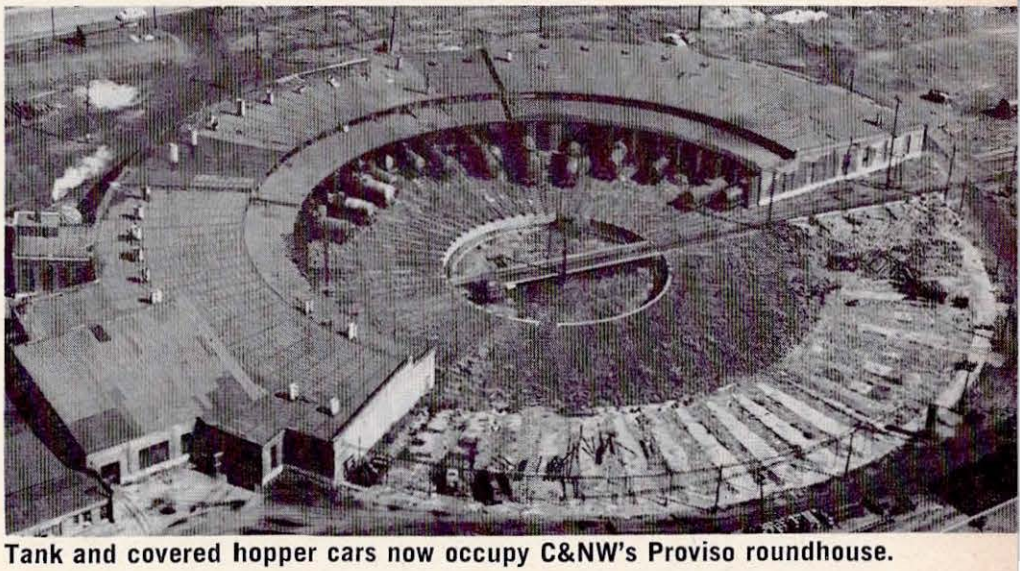
It was placed in such a manner that there are no obstructions through the areas where high car and personnel clearances are required as the cars move through the processing lines.

The original building was constructed in 1911. Its masonry walls were in excellent condition, needing no reconditioning. The roof, however, required complete replacement. It involved removal of the existing wood and frame structure, and the installation of steel framing, steel roof trusses, and a protected metal roof deck. Fiberglas skylights were installed in all roof areas to provide natural light for the interior of the various shop areas.

● **Processing 250 cars per month.** Active in the field of specialized internal or external industrial coatings since its founding in 1936, Lithcote has been diversifying its markets in recent years. Railroad tank and hopper cars represent an area of increasing volume for the firm. The Melrose Park plant has a monthly capacity of up to 50 tank or covered hopper cars. Combining that production with the Altoona potential the company can now process up to 250 cars per month.

Although Lithcote manufactures a proprietary line of coatings, the company emphasizes that it will apply any brand of coatings specified by the customer.

The company does the bulk of its work for the chemical, pharmaceutical, food and beverage, pulp and paper, and petroleum and petrochemical industries. Approximately 65% of the company's work is in coatings of containers handling fine chemicals and food products where coatings are applied to provide purity and freedom from contamination. The remainder of the company's work is in the protection of equipment from damage by corrosive materials.



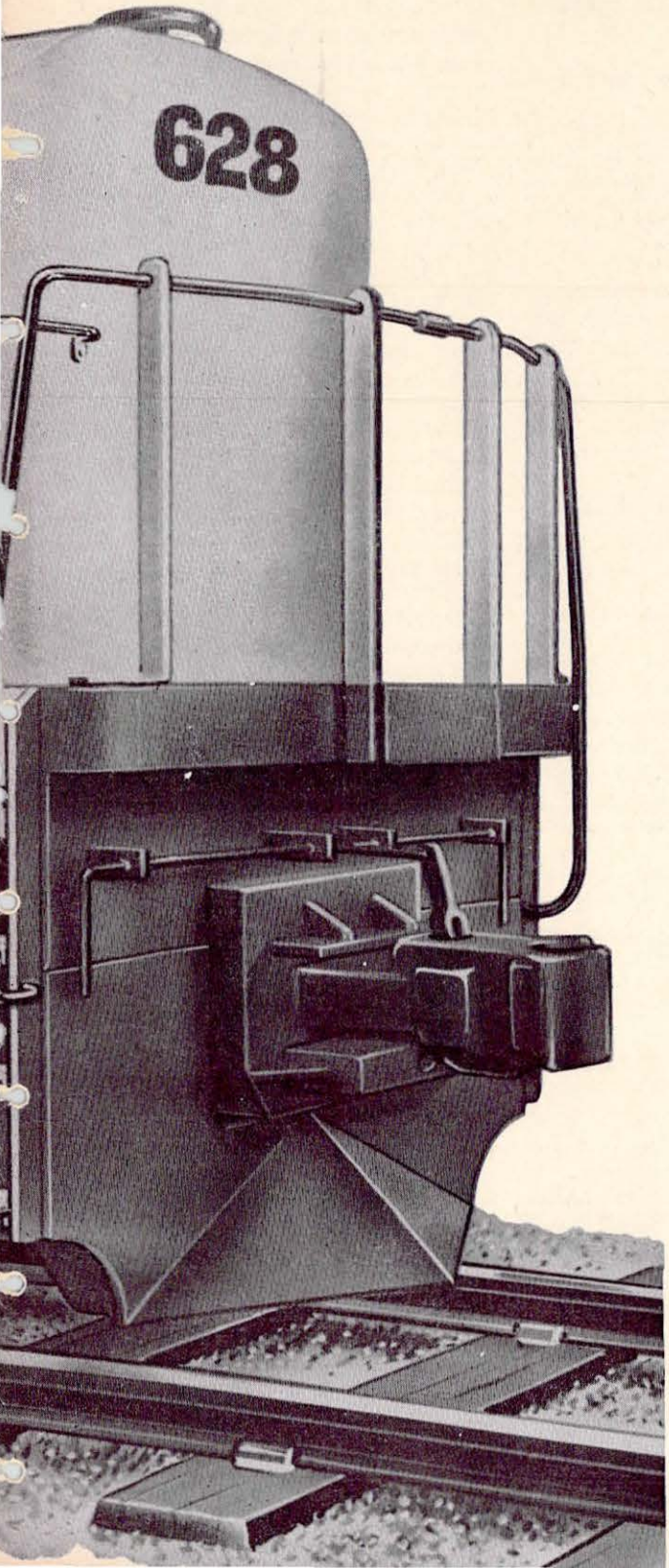
Tank and covered hopper cars now occupy C&NW's Proviso roundhouse.

Spot system requires use of turntable during production process.

Although the Altoona facility will initially specialize in railroad tank and hopper car coatings, the plant will perform exterior painting. At a later date the company will consider the possibility of making light mechanical repairs.

ALCO
CENTURY 628

America's most powerful single-engine locomotive



ALCO'S NEW *CENTURY 628* 6 motors, 2750 hp.

The newest addition to ALCO's Century Series of locomotives is the nation's most powerful single-engine diesel-electric... the mighty Century 628. Its unequalled power delivers more ton-miles per dollar, by reducing units and slashing operating costs. The Century 628 is driven by an improved version of the ALCO 251 16-cylinder diesel engine, and it includes all Century features for reduced maintenance. In railroad motive power, there has never been anything to equal the new Century 628.

Choose the ALCO Century that meets your power needs:

Century 420—four traction motors, and a 12-cyl ALCO 251-C diesel engine generating 2000 hp for traction.

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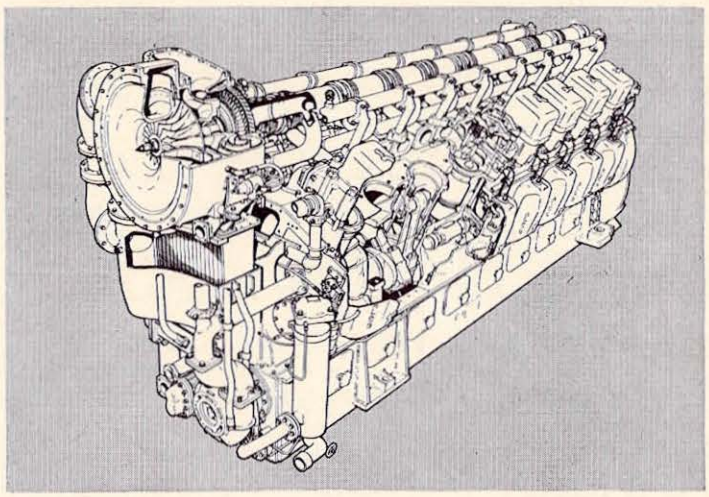
Century 628—six traction motors, and a 16-cyl ALCO 251-C diesel engine generating 2750 hp for traction.

Century 855—eight traction motors, and two 16-cyl ALCO 251-C diesel engines generating 5500 hp for traction.

No other locomotive builder offers such a wide choice of units. Learn how ALCO's Century Series can work profitably for you. Call or write today.



Cutaway of ALCO's 251-C diesel engine, world famous for high power, low fuel consumption and reduced maintenance costs.

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RAILROADING AFTER HOURS WITH JIM LYNE

LYNE

STATION-NAMING PROBLEM—The Erie's late Frederick D. Underwood (like many top executives of his time) had plenty of opportunity to name stations—and FDU exercised this prerogative with considerable gusto. As related in the Ed Hungerford book, "Men of Erie," there was a station named Hunts which didn't strike the Erie chief's fancy. So he changed the name on the station to Montear (Spanish verb, meaning to hunt).

The citizens of the little town kicked. They didn't like the idea of having Hunts as a post office and the new-fangled name on their station. A little research revealed that the original name was taken from that of a prominent local family, one member of which (Washington Hunt) had been governor of the state. So Mr. U. changed the station name to Washington Hunt and put a bronze tablet on the building to commemorate the origin of the name.

Out in the country where I grew up, the quest for station names was once so acute that the responsibility was passed on down the line—at least as far down as the division superintendent. That, I am told, is one of the reasons why so many small localities acquired girls' names—an easy and effective way to impress a lady.

WORDY DIVERSION—The trouble about these "Tom Swiftie" gags is that so many of them are unprintable. But Russ Bunker, GN district roadmaster at Grand Forks, has sent along a few with a distinct railroad flavor to them—as for instance:

"Where is the line-up?" asked the well-trained laborer. "In my hand," replied the grasping boss. "Here comes the super," warned the straw-boss officially. "You are always riding me," complained the foreman roughly. "I need more men." he urged additionally.

Here's another one: "I'll pull the pin on him," said the switchman upliftingly. But enough of this sort of thing. I'm sure there are hundreds of railroaders who could think up better ones than this last one.

THE ECONOMIST'S ECONOMICS?—One Desmond Smith (identified as a regular contributor to the London Economist) has a piece—entitled "The Affluent Railroads"—in the Nov. 16 Nation magazine. He makes the railroads out as relatively prosperous—by adding in their non-railroad income—which, of course, sheds no light whatever on the profitability of investment in railroad plant. Yes, the non-regulated part of railroad investment (e.g., real estate), which is also the part not subjected to government-aided competition, often does relatively well. But it is investment in railroad plant (not non-carrier property) that needs to be attractively profitable, if high-quality railroad service is to be maintained.

The author calls the working-rules campaign a "sham issue" (although two Presidential boards have not so regarded it). He also seems to believe that a poor railroad ought not to pay its management very much (but he doesn't explain just how, then, poor railroads are going to attract competent managers).

This is hardly the quality of economic discernment that for many years has made me a regular reader of the London Economist.

ARBITRATION AN INJUSTICE?—Grand Chief Roy Davidson made a recent speech in Cleveland in which he strongly favored greater ratemaking freedom for the railroads. Then he turned around and suggested the railroads are inconsistent in advocating more freedom for themselves, while favoring compulsory arbitration of union disputes.

I don't like to question the logic of such an amiable gent as Chief Davidson, but I think he's slid a wheel here. He wasn't favoring elimination of the Railway Labor Act and other legislation that aids the unions. In other words, he wasn't really advocating non-interference by government in industry-union relations. He still wants government interference, but not that which would force both managements and unions to submit their differences to peaceful adjudication.

The chief also wondered how railroad efficiency could exist if "featherbedding" were really prevalent. Well, there was a one-legged boy in high-school with me who (aided by his crutch) could run as fast as I could. If he had had two good legs, he could easily have run twice as fast.

Cost-evidence plan modified

The ICC's cost-evidence plan has been modified to propose that the Commission adopt as its own only the cost formulas developed by the Cost Finding Section of its Bureau of Accounts. Previously, the Commission proposed to adopt also several bureau cost studies derived from the formulas.

The plan is that involved in the rule-making proceeding, No. 34013, which the Commission instituted in April, 1962. The stated objective was to develop better cost evidence in competitive rate cases. It contemplated that the formulas and studies would be "accepted as *prima facie* proof of the facts which they purport to establish."

The formulas include Rail Form A and Rail Terminal Form F, which are used in determining freight service costs. Highway Forms A, B and F are also involved and water carrier forms are to be included when they are completed. There were 15 of the derived studies, including "Distribution of Rail Revenue by Commodity Groups," which the railroads have assailed as a producer of "meaningless cost figures."

Elimination of the studies was announced in an interim Commission report on the case. Issuance of the report was decided upon after the Commission considered presentations of interested parties. In view of these presentations, the Commission considered it advisable to rule on various procedural issues and to define more precisely the scope of the proceeding "prior to any tentative decision on the merits." As for elimination of studies:

"The Commission is now of the view that the clearly expressed goals of this proceeding can as well be reached through adopting cost formulas alone, without approving or disapproving any studies by use of formulas. The cost studies are ancillary to the purposes of the proceeding. We are here concerned with the propriety of the methods of estimating costs . . . It is emphasized that withdrawal of these studies does not reflect any approval or disapproval of the studies, or of the formulas underlying these studies."

The railroad industry's presentation in the case opposes the whole Commission proposal but it gave special attention to the Burden Study. The "confusion and invalid contentions generated" by publication of that study was cited in the presentation as a good illustration of the danger inherent in attaching *prima facie* standing to cost figures provided by application of a formula.

James Holmes
CPR

W. Francis Adams
C&O

George M. Onken
LI

R. W. Ayres, Jr.
WABCO

PEOPLE IN THE NEWS

ARKANSAS & LOUISIANA MISSOURI.—**J. W. Keller,** executive vice president, Monroe, La., elected president, effective Oct. 15, succeeding **F. W. Ashcraft.**

ATLANTIC COAST LINE.—**H. E. Owen, Jr.,** appointed freight service agent, Wilson, N.C.

BALTIMORE & OHIO.—**Charles R. Van Horn** has been named resident Washington representative for government affairs. Mr. Van Horn will continue his responsibility for regional direction of passenger sales at Washington, to which he was assigned in 1955.

Fred Francesconi, agent, Locust Point marine terminal, appointed general agent, Baltimore terminal at Camden Station. Mr. Francesconi will continue to have jurisdiction over the Locust Point marine agency as well as the three other agencies in Baltimore.

BOSTON & MAINE.—**Allan N. Leavitt,** engineer of grade crossings, Boston, Mass., retired Nov. 1 after 46 years of service.

CANADIAN NATIONAL.—**Roderick J. MacDonald,** manager of piggyback sales, **Grand Trunk Western,** Detroit, Mich., appointed eastern sales manager, CN, New York, with jurisdiction over freight and passenger service in the New York, Philadelphia, Pittsburgh and Washington areas.

Stewart Tracey Cooke, superintendent of merchandise services, Great Lakes Region, appointed superintendent of express freight, Toronto. **W. Glynn Eyford,** superintendent, road transport department, Prairie Region, Winnipeg, appointed superintendent of express freight for Manitoba and Northwestern Ontario. **J. D. Astley** appointed superintendent of car service, Prairie region, Winnipeg, succeeding **A. E. Duff,** retired after over a half century of service.

Alex M. Pepper, assistant bridge engineer, Prairie Region, appointed regional bridge and structures engineer, Winnipeg.

Colin T. Cameron appointed manager, Lakehead area, succeeding **J. D. Hayes,** promoted to chief of transportation, Montreal, succeeding the late **J H. Stevenson.**

Emery LeBlanc, managing editor of the Maritimes' French-language daily, L'Evangeline," has joined the CN as assistant to manager of public relations, Atlantic region, Moncton, N.B.

Raymond J. Owen, work study officer, research and development department, Montreal, named work study co-ordinator, Great Lakes Region, Toronto, succeeding **Joseph P. Vilagos,** promoted to special assistant, Toronto Area.

CANADIAN PACIFIC.—**James Holmes,** assistant treasurer, Montreal, promoted to treasurer there, succeeding **E. Clive Kerr,** who retired Oct. 31 after 45 years of service.

CANADIAN PACIFIC EXPRESS.—**W. F. H. Polley,** general manager, Toronto, named president, succeeding **S. McMahon,** who retired Nov. 1. **E. M. Thrasher,** general superintendent, Atlantic district, Montreal, transferred to the Eastern district, Toronto, succeeding **W. J. Bowers,** who replaces Mr. Polley as general manager. **I. C. Boyd,** superintendent, Southwestern Ontario Division, Toronto, succeeds Mr. Thrasher. **W. Lyle Brenton,** superintendent, Winnipeg, transferred to the Toronto division, succeeding **R. H. Joslin,** promoted to express planning, office of general superintendent, Toronto.

CENTRAL OF GEORGIA.—**Horace W. Waters,** general superintendent transportation, promoted to general manager, Savannah, Ga.

CHESAPEAKE & OHIO.—**W. Francis Adams,** assistant freight traffic manager Richmond, Va., promoted to freight traffic manager there, succeeding **Thomas Jefferson, Jr.,** retired after more than 45 years of service. **James M. Reynolds, Jr.,** staff assistant, Cleveland, succeeds Mr. Adams. **Joseph W. Roberts, Jr.,** assistant general freight agent, Richmond, named staff assistant at Cleveland, succeeding Mr. Reynolds. **John J. Woods, Jr.,** special representative—rates, Richmond, succeeds Mr. Roberts. **L. M. Wolfe,** assistant general freight agent, named assistant freight traffic manager, Richmond.

Clayton C. Carter appointed superintendent of costs—maintenance of equipment, Huntington. **R. J. McGee** succeeds Mr. Carter as acting superintendent of costs—Central region. **T. W. Cavanaugh** appointed superintendent computer center, Cleveland.

A. W. Dudley, Jr., appointed superintendent, **Washington & Old Dominion,** Arlington, Va., succeeding **E. F. Hogan,** named assistant superintendent, C&O, Ashland, Ky. Mr. Hogan replaces **K. E. Bomar,** appointed assistant superintendent—trainmaster, Cincinnati—Chicago division, Peru, Ind., succeeding **K. W. Bird,** promoted to superintendent of terminals, Flint, Mich., succeeding **D. E. Lehman,** retired. **F. R. Lutz** appointed superintendent, Ashland—Russell division, Ashland, Ky., succeeding **O. W. Draper,** retired. **Kenneth C. Morriss,** assistant trainmaster, Mountain Subdivision and Clifton Forge Yard, Clifton Forge, Va., promoted to trainmaster, New River Coal Field Subdivision, Thurmond, W. Va., succeeding **C. R. McComas,** promoted to assistant superintendent, Hinton Division, Hinton, W. Va., replacing **F. G. Cobb,** retired. **O. S. Green** appointed terminal trainmaster, Ashland, succeeding **C. F. Powell,** promoted to assistant superintendent, Russell.

M. O. Benson named manager station service and freight claim prevention, Huntington, succeeding **A. W. Peterson,** retired. **B. A. Hoffman,** assistant to manager station service and freight claim prevention, Grand Rapids, Mich., promoted to assistant manager station service and freight claim prevention, Huntington. **R. F. Gallentine** appointed supervisor station service, Grand Rapids, succeeding **J. E. Cunningham,** promoted to general freight service supervisor there. Mr. Cunningham replaces **L. M. Neese,** who succeeds Mr. Hoffman.

Charles G. Siegman, general attorney, Cleveland, retired Oct. 31.

DELAWARE & HUDSON.—**Thomas E. O'Brien,** assistant district sales manager, Pittsburgh, Pa., appointed division sales manager, Scranton, Pa., succeeding the late **Bernard J. Carlin. Robert W. Small** succeeds Mr. O'Brien at Pittsburgh.

DENVER & RIO GRANDE WESTERN.—**G. M. Conrey,** auditor budget and statistics, Denver, appointed assistant to comptroller. **E. S. Hughes,** auditor freight and passenger accounts, named auditor of revenue. **C. E. Hightower,** auditor disbursement accounts, appointed auditor of expenditures. **T. E. Klodt** named assistant auditor of expenditures.

ERIE-LACKAWANNA.—**J. W. Conway,** former superintendent, Scranton division, Scranton, Pa., appointed to the staff of the operating vice president, Cleveland, to handle special commuter studies.

Karl W. Dingle, terminal trainmaster Hammond-Chicago, appointed to the newly created post of assistant superintendent, Hornell, N.Y.

A. R. Strawser appointed master mechanic, Marion, Ohio, succeeding **Charles M. Stubbs,** who retired Aug. 31. **J. D. Rentz** appointed master mechanic, Brier Hill, Ohio, territory west of Hornell and Buffalo, N.Y., to Kent Yard, including Meadville Program Car Shop and all branch lines. **M. J. Fedorka** named master mechanic, Jersey City, N.J., territory Jersey City and Hoboken to and including Port Jervis, Port Morris and outlying points. He succeeds **T. F. Maloney,** who retired Sept. 30 after over 48 years of service. Abolished positions of supervisors of car repairs, formerly held by Messrs. Rentz and Fedorka, at Meadville, Pa., and Susquehanna.

Ronald H. Jordan appointed division engineer, Susquehanna division, Hornell, N.Y., succeeding **Arthur Price,** who retired Oct. 31.

Thomas Lloyd, general communications inspector, Hoboken, N.J., retired Oct. 31 and that position abolished.

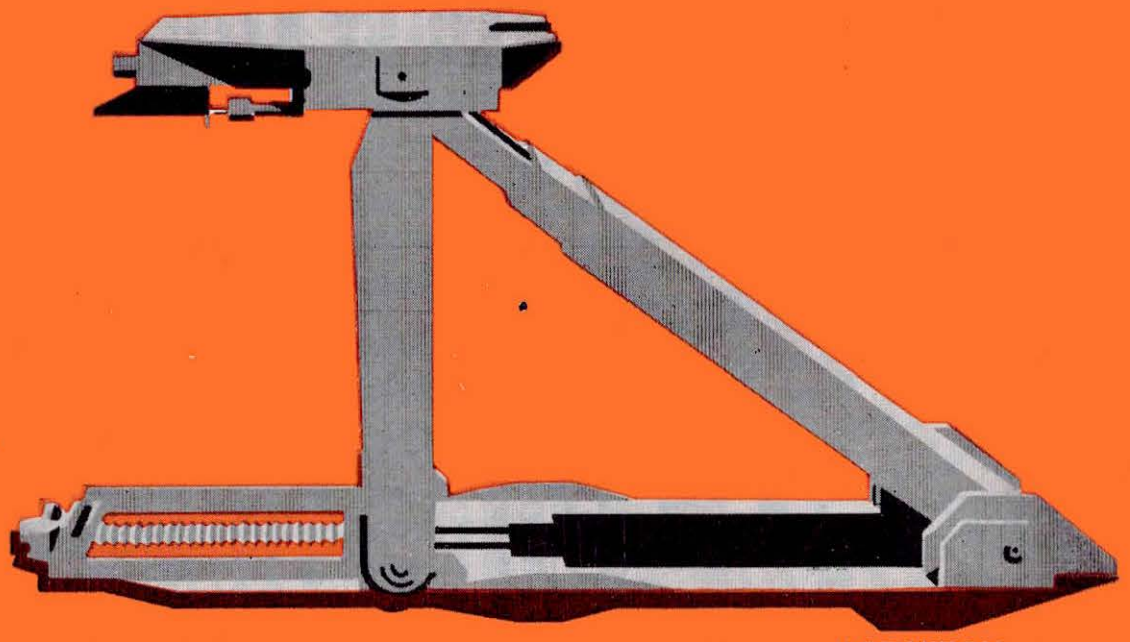
GULF, MOBILE & OHIO.—**David A. Benak** appointed freight traffic agent, Chicago.

ILLINOIS CENTRAL.—**Narcie J. Sedlacek,** labor relations staff officer, retired Oct. 31 after more than 52 years of service.

Hugh B. Herrin, assistant master mechanic, Memphis, Tenn., appointed master mechanic, Paducah, Ky., to succeed the late **R. E. Whittaker.** Mr. Herrin's successor is **Norman Lahndorff,** assistant master mechanic, Vicksburgh, Miss., who in turn is replaced by **William H. Weber,** roundhouse foreman, McComb, Miss.

ILLINOIS TERMINAL.—**T. G. Byrnes** trainmaster, Alton, Ill., appointed superintendent of terminals, Federal, Ill.

(Continued on page 30)



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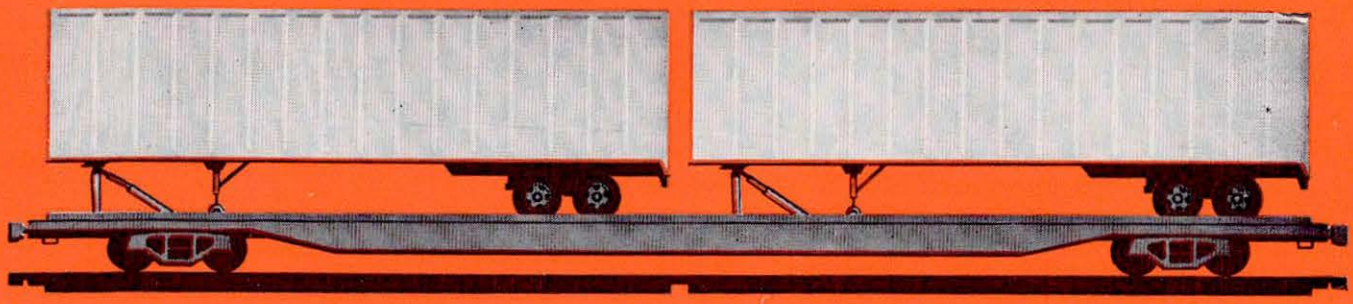

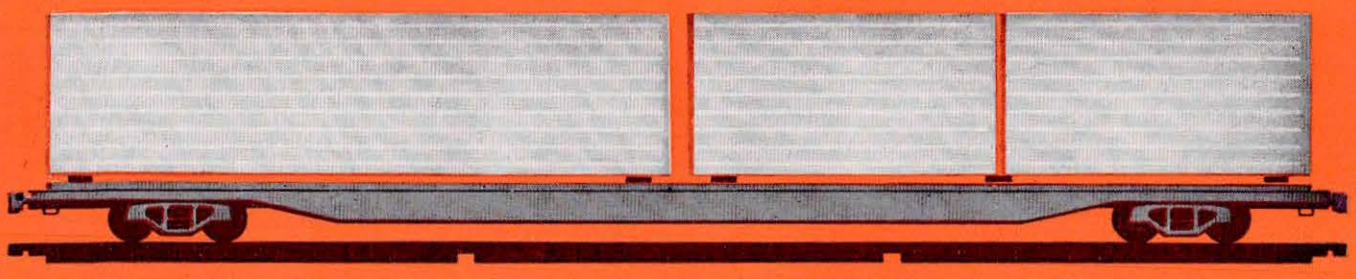

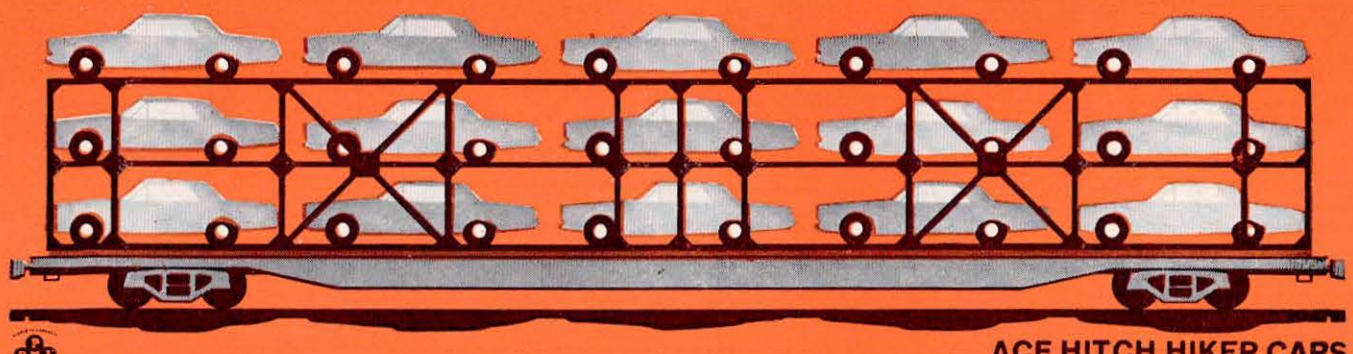

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AMERICAN CAR AND FOUNDRY DIVISION

ACF INDUSTRIES

(*Continued from page 27*)

INTERSTATE COMMERCE COMMISSION.—**Irving J. Raley** appointed director, Bureau of Finance, Washington, D.C., succeeding **Vernon V. Baker,** who retired Oct. 12. **Thaddeus W. Forbes,** chief, Section of Proceedings, appointed assistant director, Bureau of Finance.

JERSEY CENTRAL.—**Dr. Frank W. Mahoney,** assistant medical director, geriatric-welfare division, B. S. Pollak Hospital, Jersey City, N.J., named medical director, CNJ, at the road's emergency hospital, Jersey City Terminal. **Dr. Frank A. Barone** named assistant medical director and **Dr. Francis J. Mara,** named medical examiner. Dr. Barone had been acting medical director since the death on May 4 of **Dr. Ira Goldowsky.**

LONG ISLAND.—**George M. Onken,** who became general solicitor last February, appointed general counsel at Jamaica, N.Y., on Nov. 1. (RA, Oct. 21, p. 37).

LOUISVILLE & NASHVILLE.—**Frank L. Grubbs,** a special agent for the Federal Bureau of Investigation, appointed superintendent of property protection, L&N.

MISSOURI-KANSAS-TEXAS.—Effective Nov. 1, opened sales offices at Omaha, Neb., and Garland, Tex. **George H. Erhardt,** formerly sales manager, El Paso, Tex., will head the Omaha office, and **Bryan Musgrove,** sales representative, Dallas, named sales manager in charge of the Garland office.

MISSOURI PACIFIC.—**W. Schwebel** named assistant purchasing agent, St. Louis, to replace **M. J. Steck,** stationer, retired.

E. H. Crawford, general agent, Columbia, S.C., will retire Nov. 30.

NEW YORK CENTRAL.—**Edward P. Frasher,** division superintendent, Toledo, Ohio, transferred to the River and New York Terminal divisions at Weehawken, N.J., succeeding **Russell L. Sahm,** named assistant to general manager, New York. Mr. Frasher also will be responsible for the New York Central's marine operations in New York Harbor.

A. J. Serieno appointed superintendent air brakes and steam heat equipment, New York, succeeding **J. H. Russell,** on leave of absence with the Interstate Commerce Commission.

W. J. Fish promoted to district claim agent, New York, succeeding **W. G. Geibel,** retired Oct. 31 after more than 40 years of continuous service.

NICKEL PLATE.—At Cleveland: **E. P. Cilley,** freight traffic manager, promoted to general freight traffic manager—rates; **S. Shapiro,** freight traffic manager, and **L. J. Schirmer,** assistant freight traffic manager, named freight traffic managers—rates. **R. M. Savodnik,** assistant general freight agent—rates, named general freight agent—rates, succeeding **R. S. Tolan,** promoted to assistant traffic manager—rates; **M. G. Schobel,** assistant general freight agent—rates, continues in that position and **L. A. Schubeck** also named assistant general freight agent—rates.

NORFOLK & WESTERN.—**William J. Lanham,** commercial agent, Richmond, Va., promoted to district freight agent there, succeeding **Francis D. Merchant,** who retired Oct. 31 after almost 43 years of service.

PENNSYLVANIA.—**Robert M. Hawk,** formerly with Traffic World, Washington, D.C., has been appointed public relations representative, PRR, at New York City. Mr. Hawk succeeds the late **George S. Halleran** (RA, Sept. 30, p. 67).

READING.—**J. C. Humbert,** superintendent of coal transportation and power utilization, **Baltimore & Ohio,** appointed manager of transportation, Reading, Philadelphia.

C. Ellis Westervelt, superintendent of costs, Baltimore & Ohio, Baltimore, appointed superintendent—budgeting and cost control, Reading, Philadelphia.

Richard H. Weinsheimer, district sales representative, Philadelphia, appointed district sales manager, Wilmington, Del., succeeding **John L. Rose, Jr.,** transferred to Cleveland, to replace the late **William J. Brennan.**

SANTA FE.—**M. G. Stack,** special representative, Freight Claim Department, Topeka, Kans., named acting assistant freight claim agent there, to succeed the late **A. D. Fleming.**

SEABOARD.—**Roy D. Berry,** commercial agent, Atlanta, Ga., named district freight agent, Jacksonville, Fla., and is succeeded by **W. H. Rawlings.**

SOUTHERN PACIFIC.—**George Sinker,** traveling freight and passenger agent, Vancouver, B.C., named Canadian general agent there, succeeding **Kenneth B. Currie,** retired.

TERMINAL RAILROAD ASSN. OF ST. LOUIS.—**Carl R. Perkins** named assistant chief engineer.

UNION PACIFIC.—**Carlton L. Chewning** appointed assistant general freight agent, Portland, Ore. **Earl W. Ryce** named general traffic agent, New Orleans, La.

U.S. DEPT. OF AGRICULTURE.—**Elmo F. Clark,** a transportation specialist for this department for 15 years, named chief, Transportation Services Branch, Agricultural Marketing Service. He formerly served as assistant chief to **James L. Pease,** who retired Aug. 30. Mr. Clark worked for the Santa Fe and Texas & Pacific before entering government service.

WESTERN PACIFIC.—**Russell J. Cleland,** sales manager—marketing division, San Francisco, appointed director of passenger sales.

Supply Trade

R. W. Ayres, Jr., has been appointed vice president—marketing, **Westinghouse Air Brake Division, Westinghouse Air Brake Co.,** Wilmerding, Pa. Mr. Ayres was formerly on the corporate staff as director—product planning.

George A. Tedesco has been named assistant to the director of public relations, **Pullman-Standard** division of **Pullman Inc.** He was formerly director of advertising and promotion for the Michigan City, Ind., News-Dispatch.

The **R. W. Neill Co.** of Chicago has appointed the **Primary Battery Division, Thomas A. Edison Industries,** Bloomfield, N.J., as sales agent for their complete line of railroad communication equipment and systems for the eastern portion of the United States.

Russell E. Larsen, controller, **AMSTED Industries,** has been elected treasurer. His successor is **James L. Green,** assistant controller.

John S. Gallagher, Jr., has been named director of transportation research, at **Battelle Memorial Institute,** Columbus, Ohio. Previously associated with the Port of New York Authority, Mr. Gallagher is a former traffic and transportation editor of **Railway Age.**

Herbert H. Alvord, professor of mechanical engineering, University of Michigan, has been appointed to the engineering staff, Transportation Equipment and Industrial Division, **Evans Products Co.,** Plymouth, Mich.

Dwaine Goldsberry, assistant sales manager, **Charles Machine Works, Inc.,** Perry, Okla., has been named general sales manager, suc-

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ceeding **Howard Worthington**, who is now a special representative for the company in Illinois, Wisconsin, Indiana, Ohio, and Michigan.

Keith D. Landell has been appointed president of **W. K. Davidson & Co., Ltd.**, which company has been acquired by **Montreal Locomotive Works, Ltd.** The company will continue to be operated as a separate entity under its own name with no change in policy or personnel. The company, essentially a sales organization with limited manufacturing capacity, handles railway specialties, among other products.

Jack G. Mehring has been appointed general sales manager, Cleveland Graphite Bronze Division, **Clevite Corp.**, Cleveland, Ohio.

OBITUARY

Herbert H. McEowen, 59, special representative, **Pennsylvania**, Columbus, Ohio, died there Nov. 8.

Dividends Declared

AKRON, CANTON & YOUNGSTOWN.—40¢, paid Oct. 15 to holders of record Oct. 1.

ATLANTIC COAST LINE.—50¢, quarterly; 50¢, extra, both payable Dec. 12 to holders of record Nov. 4.

BANGOR & AROOSTOOK.—12½¢, quarterly, payable Dec. 31 to holders of record Dec. 13.

CHESAPEAKE & OHIO.—$1, quarterly, payable Dec. 20 to holders of record Dec. 2; 3½% preferred, 87½¢, quarterly, payable Feb. 1, 1964, to holders of record Jan. 6.

CLEVELAND & PITTSBURGH.—7% guaranteed, 87½¢, quarterly; 4% guaranteed, 50¢, quarterly, both payable Dec. 2 to holders of record Nov. 8.

DENVER & RIO GRANDE WESTERN.—25¢, quarterly, payable Dec. 16 to holders of record Dec. 6.

ILLINOIS CENTRAL.—50¢, quarterly, payable Dec. 16 to holders of record Nov. 12.

LOUISVILLE & NASHVILLE.—75¢ quarterly; $1, extra, both payable Dec. 12 to holders of record Nov. 1.

NORFOLK & WESTERN.—$1.25, quarterly; $1, extra, both payable Dec. 10 to holders of record Nov. 8.

PITTSBURGH, YOUNGSTOWN & ASHTABULA.—Preferred, $1.75, quarterly, payable Dec. 2 to holders of record Nov. 20.

RICHMOND, FREDERICKSBURG & POTOMAC.—$1, quarterly; 6 and 7% guaranteed, $1, paid Oct. 9 to holders of record Sept. 27.

ST. LOUIS-SAN FRANCISCO.—25¢, quarterly; 25¢, extra, both payable Dec. 16 to holders of record Dec. 2.

UNION PACIFIC.—Common, 40¢; 10¢ extra, both payable Jan. 2, 1964, to holders of record Dec. 5.

House committee studies Kennedy-bill compromise

Modification of the agricultural exemption and extension of the modified version to railroads, water carriers and forwarders, and roll-back of the bulk-commodity exemption while leaving it applicable only to water carriers, are now under consideration by the House Committee on Interstate and Foreign Commerce. That's the latest version of the committee's undertaking to work out a compromise substitute for President Kennedy's minimum-rate proposal.

This was revealed last week when the committee made public the draft of a proposed bill which had been prepared by its staff. The committee's chairman, Rep. Oren Harris (D.Ark.) said the draft was being made public to get reactions of interested parties.

In addition to the provisions relating to the agricultural and bulk commodity exemptions, the proposed bill would deal with various other recommendations of President Kennedy's transportation message. It would repeal the Interstate Commerce Act's so-called commodities clause — Section 1(8)—which prohibits railroads from transporting commodities (except lumber and their own supplies) in which they have any interest. It would also extend the act's reparations provisions to truckers and freight forwarders (they already apply to railroads and water carriers); harmonize state requirements as to registration of motor arrangements with states for enforcement of regulatory and safety laws; extend the coverage and toughen civil-penalty provisions of the regulatory laws; and provide for regulation of inter-modal joint rates by joint boards composed of ICC, Civil Aeronautics Board and Federal Maritime Commission representatives. A memorandum prepared by the committee's staff explained the section relating to the agricultural and bulk-commodity exemption as follows:

"This section would extend to railroads, domestic water carriers, and freight forwarders the exemption now applicable to the transportation of agricultural commodities (including grain) and fishery products by motor carriers. The transportation of those exempt agricultural commodities and fishery products by railroads, water carriers, freight forwarders, and motor carriers would be made subject to the limitation that the rates for such transportation should not impose an undue burden on interstate or foreign commerce. This limitation is not now applicable to such transportation by motor carriers.

"Since such transportation would be exempt from regulation, the Reed-Bulwinkle Act (section 5A of the Interstate Commerce Act) would not be applicable to the establishment of rates for such transportation, and, therefore, rate agreements by carriers, currying relief from the operation of the antitrust laws, could not be approved by the ICC.

"In the case of domestic water carriers [the] section would also reduce the 'three commodity' dry bulk exemption to a 'one commodity' exemption. However, any domestic water carrier transporting only two or three dry bulk commodities in a vessel or tow would not be required to have a ceritficate or permit, but it would be subject to other applicable provisions of the act."

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Government action challenged by FEC

Creation of an emergency board to investigate the 10-month-old strike—with the possibility the road may have to rehire all strikers during a cooling off period—has riled the railroad.

The Florida East Coast and the federal government squared off last week for what may be shaping up as a legal match arising out of the 10-month-old strike on the railroad.

FEC is at odds with the government over the creation on Nov. 11 by President Kennedy of an emergency board to investigate the lengthy dispute. This would automatically suspend the strike for 60 days while the board studies the situation.

Characterizing the government's action as a "flagrant intervention" into collective bargaining, Winfred L. Thornton, FEC vice president, said the President's action was unprecedented under the Railway Labor Act because the act was set up to avert strikes before they started.

• **"No precedent."** "This procedure has been used one or two days after a strike began, but there is no precedent for this," he said.

The FEC has been struck since last Jan. 23 when 1,300 non-operating employees walked out over wage issues, and the operating unions subsequently followed, involving a total of about 2,000 workers. Since the strike began there have been numerous dynamitings, derailments and other violent incidents.

Mr. Thornton called the government's move "a misuse of the Railway Labor Act. . . . it is a bad state of affairs when the government uses its power to coerce management into bowing to demands of labor."

• **Heart of the matter.** The real point of argument appears to be the government's contention that the Presidential order, appointing an emergency board to look into the strike, in effect also requires the railroad to rehire all striking workers for at least 60 days.

The railroad first began using supervisory personnel to operate its freight trains, gradually adding non-union workers to take over these duties. The road now has about 700 people employed, and reports freight operations "are almost 100% of normal."

FEC says it will not hire more than 300 workers as a result of the Presidential order.

"We're not going to displace any of the people we hired during the strike," R. W. Wyckoff, assistant vice president and director of personnel stated. "We intend to advertise for jobs and give the employees who went on strike the same opportunity to get the jobs as other applicants."

• **Basis for contention.** Mr. Wyckoff contended the appointment of a Presidential emergency board under the Railway Labor Act doesn't require the road to rehire all the workers who went on strike. "It merely requires we make no change in the conditions over which the dispute arose, and those conditions were over wages and advance notice in reducing forces," he said.

The portion of the Act referred to states: "After the creation of such emergency board, and for 30 days after such board has made its report to the President, no change, except by agreement, shall be made by the parties to the controversy in the conditions out of which the dispute arose."

• **Past efforts failed.** Establishment of the emergency board follows unsuccessful efforts to resolve the dispute by a special three-man panel appointed by the President in September. The panel recommended binding arbitration, which the 11 off-train unions accepted but the railroad declined.

The government's interest in the case is said to be based on its concern for rail service to the missile base at Cape Canaveral, served by the FEC.

Mr. Thornton contends that since last January, when the strike began, the mediation board said there was no emergency, despite the lack of both passenger and freight service.

"Now they say, while we are giving full freight service, that we are essentially depriving the area of needed services."

In a speech before the Transportation Club of Atlanta, Mr. Thornton said the strike situation has enabled the road to eliminate a considerable amount of featherbedding. When passenger service is restored, the road anticipates that it will not need more than a total of 1,000 employees.

Home from Mexico—by Train

AAR President Daniel P. Loomis, who headed the U.S. delegation to the recent XI Pan American Railway Congress in Mexico City, is shown with his party during the return stopover at the border town of Laredo, Texas. Left to right: Antonio Bruni, Jr., border trainmaster; Horacio Dominguez, general agent, National Railways of Mexico, Laredo; Mr. Loomis; William L. Webber, traffic manager, Texas-Mexican Railway; F. T. (Pancho) Scanlan, executive representative, National Railways of Mexico, Washington, D.C. On the observation platform are Mrs. Loomis and Mrs. Scanlan. The Loomis party made the trip from Mexico City to St. Louis in the business car of Benjamin Mendez, general manager, National Railways of Mexico. Numerous other Americans attending the Pan American Congress also made the trip by train. There is a through Pullman car every day, in each direction, between St. Louis and Mexico City. Air-conditioned dining and observation cars are in service between Laredo and Mexico City, with a bilingual stewardess in attendance.

NEW PRODUCTS REPORT

Roller-Ball Bearing (RA-1)

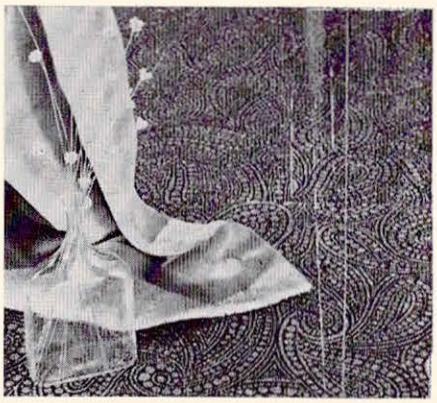
The Absco-NH roller-ball bearing is for high-speed service in all types and sizes of freight cars. It is interchangeable with present roller bearings; its radial and thrust load ratings are expected to provide long life. It has two rows of cylindrical rollers, and an angular contact ball bearing which carries thrust loads. The bearing, a design by Norma-Hoffman Bearings Co., is under test at the Absco Research Center. *American Brake Shoe Co.*

Water Cooler (RA-2)

The thermoelectric system, in which electricity passes across the junctions of two dissimilar materials to create cold, features a water cooler for use on locomotives. The cooler, which has no moving parts, has been under development, in cooperation with the Illinois Central, since 1961, and 275 units have now been built. A thermoelectric refrigerator is also being field-tested by a western road. *Westinghouse Electric Corp.*

Cast-Steel Wheels (RA-3)

Cast-steel wheels of 38-in. diameter for 100-ton-capacity cars are now available in a two-wear design. Griffin two-wear wheels have 2-in.-thick rims which can be machined to limits prescribed by the AAR. The 38-in. wheel, like its 33-in. and 36-in. predecessors, is produced by a controlled-pressure pouring process of casting in graphite molds with 89 to 97% falling within two half tape sizes, reducing wheel inventories. *Griffin Wheel Co.*



Vinyl Tile (RA-4)

Sapphire, gold, bronze, ruby, emerald, amethyst and topaz color the Paiselle Vinyl Corlon Tile for railroad passenger cars. Coordinated with the seven colorings are seven matching plain patterns featuring the iridescent colors without paisley design. The "plains" are for border use, or for custom effects. The Paiselle is available in 12-in. x 12-in. tiles and in 36-in. x 36-in. untrimmed sheets, both in 1/8-in. gauge. *Armstrong Cork Co.*

Flooring Materials (RA-5)

Roc-Wood, a seamless, vermin-proof and fire-resistant flooring, is said to be splinter-free; impervious to most acids; and not affected by grease, oil, or animal fats. "Nailable" is for box-car use; "Regular" for stock cars, cabooses, head-end cars and industrial and warehouse floors. Roc-Wood Diamond-Hard, a compound for resurfacing and repatching wood floors, can be applied over existing floor with trowel and darby. *Western Railroad Supply Co.*

Delivery Bin Kit (RA-7)

The TFC air delivery bin kit facilitates pneumatic transfer of dry material from trucks and railroad cars to storage or batching bins. The kit includes an abrasion-resistant steel centrifugal discharge terminal that provides an air space "cushion" as a safety check for high-pressure pneumatic sources. The system can be tailored to fit bins up to 50 ft high with three forged-steel couplings. *TFC Corp.*

All-Purpose Absorbent (RA-6)

Sturdy, angular particles with high resistance to breakdown under heavy vehicular traffic compose Zorb-All, an all-purpose absorbent for quick handling of winter emergencies, particularly for providing immediate traction for trucks, trailers, buses and other vehicles near curbs and on icy slopes. The absorbent is chemically inert and easily removed when need is over. It is available in 25-lb bags. *Wyandotte Chemicals Corp.*

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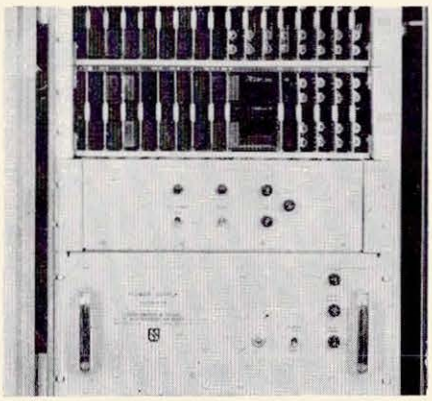
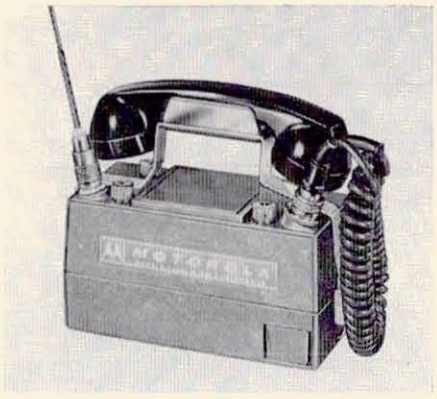


Solid State Coding (RA-8)

A new solid state code control system is a high-speed digital transmission system which consists of a transmit rack at the sending or office location and a receive rack at the receiving or field station location for uni-directional transmission of data. For bi-directional transmission the office and field racks are equipped with both transmitting and receiving equipment.

The system is capable of handling from 8 to 256 functions at a speed from 15 to 2,000 bits per second. It has been designed to expand in groups of 8 or 16, up to a nominal 64-function system, then by multiples of 16 functions up to 256 functions.

This system requires a channel frequency band width of approximately four times the bit keying rate for a control system and another for the indication system. This provides guard band space for each channel of band width equal to the necessary channel space used. A total bandwidth of 8,000 cps including guard band space) is required for a 2,000 bit-per-second transmission rate. *Union Switch & Signal division of WABCO.*

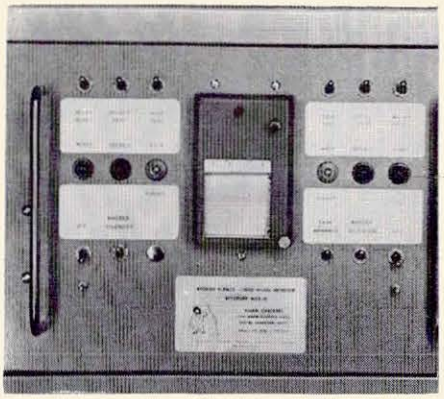


Two-Way Radio (RA-9)

Motorola has introduced a new line of fully transistorized portable two-way radios featuring high reliability, lightweight compactness and operational cost savings of 75 to 83% over existing tube-type portable equipment.

The new units, named the PT series "Handie-Talkie" FM radios, provide the highest RF power output presently available in transistorized portable equipment. Basic models in the new radio line include 5 and 1.4 watt models operating on VHF low band frequencies in the 25 to 54 mc range, and 3 and 1.4 watt units for use on VHF high band channels in the 144 to 174 mc band.

Cost of operation has been slashed to as low as 1.6¢ per hour for the 1.4 watt PT Series radios and 3.7¢ per hour for the new 3-and 5-watt units. Equivalent tube-type equipment averages 9.3¢ per hour and 14.5¢ an hour respectively. Weight of PT Series Models equipped with standard hand-operated microphone and built-in speaker is only 6 lb, compared with present Motorola tube radios which weigh from 12 to 19 lb. *Motorola.*



Wheel Recorder (RA-10)

Two new systems for recording and locating defects found by Wheel Checkers' broken-flange and loose-wheel detectors are now available. Detector recorder, WCR-60, is designed for remote operation via a carrier system pulsed by a separate track-side detecting relay. Detector relay and recorder, WCR-70, has the track-side detecting relay enclosed and is for installations relatively close to the Wheel Checker.

The recorders are four channel event recorders with the channel functions: defect left, axle count left, axle count right, and defect right. Pressure-sensitive tape provides a clear recording with a high degree of reliability. The recording is made only upon a detection and the tape drive motor stops automatically when there is no axle pulse for 10 sec or on an axle pulse exceeding 10 sec duration. If the relay is not manually reset the tape motor will automatically start on the next axle pulse. Axle pip variations will indicate whether the movement has stopped or if the train has cleared the detector so that the tape can be removed and the recorder manually reset. *Wheel Checkers.*

Automatic Dialers (RA-11)

Rapidial, a new device to increase the efficiency of making telephone calls, stores up to 290 names and numbers on magnetic tape. Calls are automatically dialed by turning the directory knob to the desired name, lifting the receiver and touching a start bar. For use with any type of dial telephone, this time-saver is now being offered by the Bell System companies to aid people who make frequent telephone calls. *American Telephone & Telegraph Co.*

Hotbox Detector (RA-12)

A hotbox detector expanded capability system features higher speed operation, improved performance on passenger trains and minimizes false indications through the medium of a gated feedback arrangement. Tube complement is reduced 60% with an attendant 50% decrease in the power requirement of the data processing unit. The data processing unit includes a bi-directional and an alarm feature. *Servo Corp. of America.*

Interphones (RA-13)

The Farm Interphone system has use in small or large yard installations. The standard system includes two or more telephones, microphone-loudspeaker units for installation near each phone in indoor work areas, a two-way horn-shaped loudspeaker for outdoor work areas, an auxiliary ringer, and a control unit. Telephones are equipped with special control buttons and, in the handset, a "push-to-talk" bar for intercom service. *American Telephone & Telegraph.*

Market Outlook

Carloadings Dip 4.5% Below Previous Week's

Loadings of revenue freight in the week ended Nov. 9 totaled 594,781 cars, the Association of American Railroads announced on Nov. 14. This was a decrease of 27,785 cars, or 4.5%, compared with the previous week; an increase of 8,598 cars, or 1.5%, compared with the corresponding week last year; and a decrease of 10,572 cars, or 1.7%, compared with the equivalent 1961 week. Ton-miles generated by carloadings in the week ended Nov. 9 are estimated at 13.1 billion, an increase of 6.4% over the corresponding week of 1962 and an increase of 9.2% over the 1961 week.

REVENUE FREIGHT CARLOADINGS

For the week ended Saturday, Nov. 9

District	1963	1962	1961
Eastern	83,606	82,521	86,949
Allegheny	95,036	94,814	100,788
Pocahontas	53,854	50,095	54,006
Southern	114,343	113 329	112,967
Northwestern	80,037	71,210	81,188
Central Western	126,586	132,037	128,080
Southwestern	41,319	42,177	41,375
Total Western District	247,942	245,424	250 643
Total All Roads	594,781	586,183	605,353
Commodities			
Grain and grain products	65,003	65,682	57,370
Livestock	5,744	6,123	6,873
Coal	116,854	110 531	112,393
Coke	6,801	6,351	7,808
Forest Products	36,907	36,763	38,909
Ore	34,344	24,597	39,751
Merchandise l.c.l.	15,498	21,381	26 915
Miscellaneous	313,630	314,755	315,334
Nov. 9	594,781	586,183	605,353
Nov. 2	622,566	608,587	619,435
Oct. 26	624,581	614 632	647,549
Oct. 19	626,180	613,226	650,958
Oct. 12	635,596	606,881	642,155
Cumulative total, 45 weeks	25,253,265	25,195,120	24 889,638
Estimated revenue ton-miles (millions) 45 weeks	544,700	518,500	489,800

PIGGYBACK CARLOADINGS.—U.S. piggyback loadings for the week ended Nov. 2 totaled 17,066 cars, compared with 15,996 for the corresponding 1962 week. Loadings for 1963 up to Nov. 2 totaled 678,449 cars, compared with 599,298 for the corresponding period of 1962.

IN CANADA. Carloadings for the seven-day period ended Oct. 28 were not available as this issue went to press.

New Equipment

FREIGHT-TRAIN CARS

► *Atlantic Coast Line.*—Ordered 1,000 box cars from Pullman-Standard at a cost of approximately $13 million. The order includes 600 50-ft, 70-ton cars, with 9-ft doors, and 400 40-ft, 50-ton cars. Special features of the new cars will include damage-reducing devices, steel-ribbed nailable composition floors, and cushioned roller-bearing trucks. The cars will be built at Pullman-Standard's Bessemer, Ala., plant. The new order brings to 2,236 the number of new cars received or ordered by ACL this year.

► *Chesapeake & Ohio.*—Will spend $91 million on capital improvements in 1964, compared with 1963's $71 million. As part of the 1964 program, C&O directors last week approved expenditure of $21 million for 2,000 hopper cars and 20 diesel locomotives. These are in addition to orders recently announced for 2,000 hopper cars and 1,000 box cars.

► *Frisco.*—Ordered 550 freight cars, costing a total of $8.4 million, for first-quarter delivery in 1964. They include: 100 70-ton insulated box cars, equipped with cushion underframes, movable bulkheads and roller bearings, and 100 70-ton non-insulated box cars, from General American; 100 100-ton, 3,447-cu-ft-capacity hoppers with roller bearings, and 100 100-ton, 4,427-cu-ft-capacity covered hoppers with roller bearings, from Pullman-Standard; and 100 100-ton 3,000-cu-ft-capacity covered hoppers with roller bearings from Thrall. The Frisco will construct at its Springfield, Mo., shops 50 70-ton bulkhead flat cars.

► *Great Northern.*—Ordered 50 100-ton box cars equipped with cushion underframes from ACF for delivery in December.

► *Gulf, Mobile & Ohio.*—Ordered two cabooses from International Car for use on two coal trains which will begin operation in Illinois next fall.

► *Northern Pacific.*—Will build 100 50-ft RBL cars and 300 50-ft single-sheath steel box cars at its Brainerd, Minn., shops, 50 bulkhead flat cars at its Laurel, Mont., shops and 175 log flat cars at its South Tacoma, Wash., shops. The order is part of a $14,604,350 1964 budget for construction and purchase of new freight cars.

► *Pacific Fruit Express.*—Ordered 500 50-ft, 70-ton mechanically refrigerated cars from Pacific Car & Foundry for delivery in March and April of 1964. Cushioning devices will be supplied by Freight-Master.

► *Bad Order Ratio 0.7% Lower Than Last Year.*—Class I roads on Oct. 1 owned 1,527,157 freight cars, 39,708 less than on Oct. 1, 1962, according to AAR report summarized below. Bad order ratio was 0.7% lower than on Oct. 1, 1962.

	Oct. 1, 1963	Oct. 1, 1962	Change
Car Ownership	1,527,157	1,566,865	—39,708
Waiting repairs	117,177	131,615	—14,438
Repair ratio	7.7%	8 4%	— 0.7%

(Continued on next page)

Market Outlook CONTINUED

LOCOMOTIVES

► *Frisco.*—Ordered 16 2,500-hp diesel electric locomotives from EMD at an estimated cost of $2,600,000. The units will be delivered in March and April, 1964.

PIGGYBACK

► *Fruit Growers Express.*—Is adding 300 40-ft semi-trailers to its piggyback fleet. The units, being built by Fruehauf, are now being delivered. The order will be completed by the end of the year.

PASSENGER-TRAIN CARS

► *Santa Fe.*—Ordered 12 60-ft railway post office cars from Budd for delivery June-Aug. 1964.

FOREIGN

► *India.*—Will use $15.8 million of a $39.5 million loan from the United States to buy 54 broad-gauge diesel-electric locomotives, as well as spare parts and training services, for its national railway system.

► *New Zealand Government Railways.*—Has doubled its order for 10 G-12 1,310-hp locomotives from General Motors Diesel, Ltd., Ontario. Delivery of the extra 10 units will be in mid-1964. Estimated total cost is $4 million.

New Facilities

► *New York City Transit Authority.*—Has awarded a $6.5 million contract to Union Switch & Signal division of WABCO to furnish and install a rapid transit signal and control system for the Chrystie street connections of the Independent division and the Centre street loop of the BMT division.

► *Northern Pacific.*—Will make a five-mile line change in northern Idaho to eliminate a viaduct and tunnel at an estimated cost of $3 million. The project is scheduled to be completed in 1965. NP in 1964 will relay 96.5 miles of mainline track, nearly 78 miles of it with 115-lb and 132-lb continuous welded rail, at a cost of $5,878,295; spend an estimated $1,315,000 for branch line and secondary track relaying and its rail anchor renewal program; and allot $2.5 million for ballasting, widening banks, bridge and culvert work, grade crossing replacements and yard tracks. The railroad will also construct seven depots and a freight house and remodel offices at Seattle and Helena, Mont., as part of its planned $557,000 1964 budget for new service buildings, stations and miscellaneous structures.

► *Pennsylvania.*—Will spend more than half a million dollars to remodel its Conway Yard enginehouse and set up an assembly line inspection system for diesel locomotives. The project is scheduled to be operational by next April.

► *Union Carbide Corp.*—Will modernize and expand its water and rail transportation facilities at Charleston, W. Va. The company will install a railroad yard with a capacity of more than 300 cars.

New order outlines rules for car moves

ICC action is aimed at easing the acute car shortage—which may come under investigation.

Railroads are now operating under ICC-prescribed "regulations for freight car movement." The regulations are in the Commission's Service Order No. 947, effective since Nov. 11, which was issued to alleviate the "acute shortage of freight cars in all sections of the country."

Meanwhile, special embargoes have been imposed, and ICC Chairman Laurence K. Walrath has called upon railroads, shippers and consignees for a "fully coordinated effort" to achieve "maximum possible utilization of the dwindling supply of cars to transport record shipments of soybeans, sorghum, corn, and other agricultural crops."

● **Car supply inquiry?** Also, the Commission is understood to have under consideration the institution of an investigation of car-supply conditions. Commission concern about the situation was pointed up by Chairman Walrath's statement which said: "With total ownership of freight cars by American railroads at the lowest point in this century, the nation is experiencing the most serious freight car shortage in years. At the turn of the century, the railroads owned nearly 2,000,000 freight cars. Today, the total ownership is approximately 1,527,000 cars—with nearly 8% in unserviceable condition."

The Commission's latest car-supply investigation was No. 29669, completed more than 16 years ago with a report of July 25, 1947. The principal result was a requirement that the Car Service Rules of the AAR's Car Service Division be filed with the Commission. Findings of the report were that the rules had not been shown to be unlawful, but that the railroads, as a group, had failed to furnish adequate car service.

With the issuance of Service Order No. 947, the Commission canceled three other orders which had required

expedited return of freight cars to home roads. These were Service Orders No. 939, No. 944 and No. 945.

● **The new order.** Generally, No. 947 limits to 24 hours the amount of time railroads have to place inbound loaded cars, to remove cars after release from industry, and to forward cars after acceptance by carriers. As to holding cars for prospective loading, the order says that no more cars shall be thus held "for any industry, or consignor, than those needed to protect current outbound loading." As to repair track operations, the order says that cars taken out of service for repairs, or carded for repairs, "shall be repaired at the earliest time consistent with efficient railroad operating practices."

The regulations for the movement of loaded cars prohibit all types of slow railroading for the accommodation of shippers or consignees. Division superintendents are held responsible for observance of the order's movement rules.

While the order supplanted outstanding car-distribution orders, as noted above, it has a provision requiring railroads to obey car distribution orders issued by the Car Service Division of the AAR.

This means, as CSD Chairman E. P. Miller has pointed out, that CSD orders "will automatically become ICC orders." CSD has already issued a couple of orders which have that status.

● **Embargoes.** At the request of the ICC, the Division also issued several embargoes last week. They establish permit systems for export shipments of bulk grain, soybeans, meal and flaxseed moving to Mobile, Ala., Pascagoula, Miss., Destrehan, La., New Orleans and Baton Rouge.

ICC Chairman Walrath's statement on the present shortage recognized the greater capacity of today's freight cars as compared with that of those in service at the turn of the century. Despite that development, however, the chairman said "the continuing decline in the number of serviceable cars since the end of World War II has resulted in a freight car fleet totally inadequate to meet even normal requirements, let alone the unprecedented heavy demands of the past six months."

Also noted by Mr. Walrath were railroad investments in specialized cars, but he was soon back on his main theme to complain that "the overall supply of plain box cars is diminishing at the alarming rate of more than 2,000 cars per month."

● **Improvising.** The ICC chairman had figures indicating that nearly 13 million bushels of grain awaiting shipment is piled high outside at least 325 elevators now filled to capacity. To handle this accumulation, he reported, the railroads "have pressed into service many types of substitute equipment. Hopper cars are being used to load grain. Refrigerator cars are being loaded with cotton bales. Even box cars without doors, awaiting repairs, are being assigned to cotton loading and other uses."

"Our car service agents," the ICC chairman continued, "have been working closely with the railroads to help locate and speed the return of available box cars to their owners. Most carriers have cooperated in this effort, but violations of [our service] orders still are prevalent. . . .

"The Commission's enforcement powers are inadequate to insure the fully coordinated effort necessary to cope with this monumental shipping crisis. The shortage can be alleviated to a significant degree by shippers loading cars as rapidly as possible and ordering no more cars than they presently need."

Lubricator specs changed

AAR member roads have approved by a wide margin two important freight-car lubricator specification changes and new equipment diagrams (RA, Sept. 30, p. 74). Results of Mechanical Division letter ballot voting:

Proposition 1 revising Specification M-918 (Car Journal Lubricating Devices) to change requirements for lubricators to receive approval from 80 to 65 hotbox set-outs per 54,000 car months of service: For—1,687,821; Against—102,287; Not voting—28,328.

Proposition 2 to limit lubricators to one renovation: For—1,529,165; Against—260,943; Not voting—28,328.

Proposition 3 to adopt new equipment plates "C and C-I" and to revise present Plate "B": For—1,701,096; Against—260,943; Not voting—28,811.

The first two propositions were recommended by the Committee on Lubrication of Cars and Locomotives. Their adoption is expected to result in the extended use of the more efficient lubricator designs and in improved lubricator performance. The third proposition, recommended by the Committee on Freight and Passenger Car Construction deals with new equipment diagrams to govern high-capacity freight cars and changes both the Manual of Standard and Recommended Practices and Interchange Rule 3.

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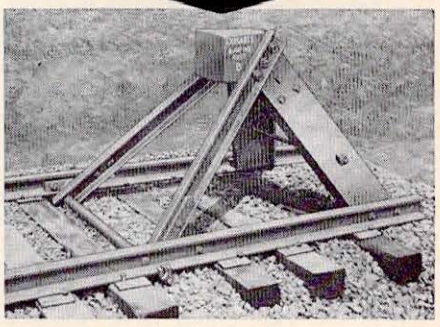

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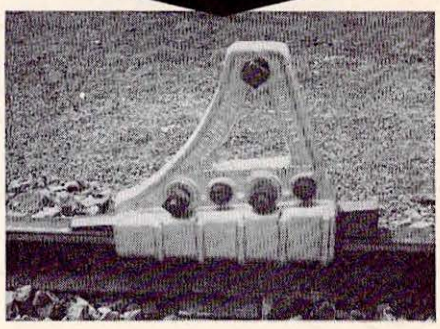

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Can railroads benefit from airline experience?

(*Continued from page 14*)
initial consist would contain about 150 characters per car, which means message lengths would total 15,000 to 40,000 characters on train lengths of 100 to 225 cars.

• **Message formats.** In addition, input would be received in a number of message formats, depending on the type of message and the individual member-roads' existing operations. Message output, however, would be in the same format to all participating roads.

Peaks, SURCOM notes, may occur around the clock. Service must be provided 24 hours a day, 365 days a year —and "down-time of more than 20 minutes would be considered unsatisfactory."

Car-location information would be abstracted from consist reports and stored for recall on demand or reported to owner-roads on a pre-determined schedule. For this, SURCOM would require of the computer random-access storage capability of 58 characters per car, plus supplemental tape storage.

In operation, the system would have each road reporting its consist information in its existing format. SURCOM then would report to participating lines in a standard format. Information, as specific moves warrant, would include advice to connecting lines of cars to be interchanged, advice to owning lines as to location of off-line cars, reports to each line handling any cars reported, advice to owning lines on off-line bad-order cars, data regarding diversions or set-outs and, finally, reports to originating lines when deliveries are completed.

• **System benefits.** SURCOM sees its operations as providing specific benefits to existing individual systems—communications systems "through the elimination of local between-road links and a broadening of spheres of operations, and data-processing activities through their getting accurate, timely, edited information in a form readily usable in existing systems."

Airlines have system

The SURCOM concept is not without precedent in the transportation industry. A number of major airlines are working the same basic system through ARINC—Aeronautical Radio, Inc. And upcoming changes in the ARINC operation may give SURCOM a head-start in the hardware department.

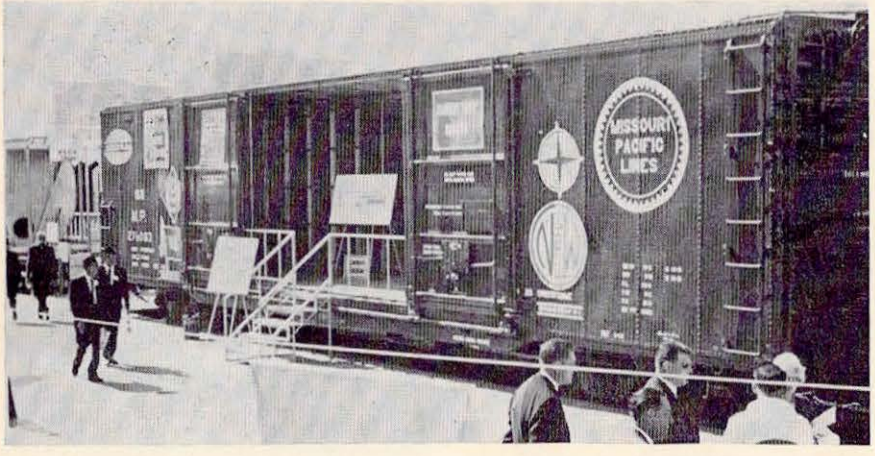
At present, ARINC headquarters is in in Cedar Rapids, Iowa. But, within less than a year, GHQ will be moved to a location near Chicago's O'Hare Field—and the move will make available for other use the Cedar Rapids computer equipment (as well as the programming experience of personnel connected with the airline computer system).

SURCOM has talked with various computer manufacturers, and has received varying responses—some expressing interest, others not. As matters look now, the Cedar Rapids facility has an edge, from cost and immediate-availability standpoints.

• **Air operations.** ARINC, an airline-owned operation, is a Teletype-radio-computer system. An airline dispatcher in Los Angeles, for example, might have a message for his company's Seattle office. He puts it on Teletype, and it arrives in Seattle within seconds —relayed by leased phone line to an ARINC center in Chicago, shunted through the Cedar Rapids computer, returned to Chicago and then flashed to Seattle, all with split-second speed.

Airline radio messages involve aircraft operations, reports of mechanical troubles, flight-plan changes, assignments of planes and crews. Teletype messages can involve almost any sub-

THANK YOU!



Thanks for coming to the Greenville exhibit on Track 6N at the Exposition.

You saw the vital part Greenville is playing in railroading's progress . . . the aluminum tank type covered hopper car for Dow Chemical, the sliding roof covered hopper car that enables cars to move up to 25% more payload, and the 60'-9" Ford Pool Box Car with easier access and new versatility.

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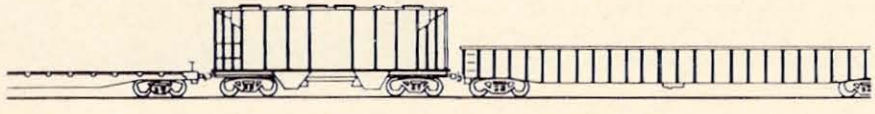

ject, including passenger arrangements, equipment servicing, directions to personnel, dispatching changes.

SURCOM concedes that message traffic differs, as between airlines and railroads—but not that much, as a practical, operating matter. SURCOM backers don't regard their system as a panacea for all railroad problems. They do see it as a means of cutting costs, improving operating efficiency and making possible increased revenues.

• **SURCOM response:** Several roads involved in SURCOM's early days are enthusiastic about the potential. SURCOM itself puts it this way:

"This is a carefully considered cooperative approach to profit improvement, a way to increase net income and control over operations and a way to cut capital investment. All of this can be accomplished without major reorganization of operations, the giving up of any management prerogatives or any changes brought about from the outside."

SURCOM's upcoming drive for acceptance comes at a time when many roads are moving individually toward more profitable use of available information. Western Pacific is heading into a total-systems operation. Many carriers, among them Southern Pacific, are going into computerization of car-information records. Complex car-location centers have been set up by a number of railroads.

Customer appeal

SURCOM, however, concentrates in inter-road communications — and the kicker, aside from cost-cutting, is the sales advantages which the system's backers contend SURCOM can bring.

• **Help for shippers.** Timely, accurate information on shipments, SURCOM believes, is an important factor in determining whether a shipper routes his freight rail or some other way. Moreover, the "uncertainties of transportation cause many shippers to maintain an inordinate volume of goods in their logistical pipelines," and SURCOM could not only cut this investment but also could make shippers' tracing staffs unnecessary "and their elimination would be a great selling point for the railroads."

As SURCOM sees it, "nothing stirs the imagination of a prospective shipper like the ability of a railroad to provide a service which is better, faster, newer and, at the same time, a service which is unique among transport modes. Piggyback has caught the shippers' fancy because it is just such a service. SURCOM has much of the same quality and, therefore, has endless possibilities for exploitation by sales forces."

Engineers demand a $40 basic day

In addition to sharply increased wages, BLE is asking for a 'breathtaking,' multi-million dollar fringe-benefit package.

Some stiff demands on the so-called "secondary" issues in the work rules case—including one calling for a minimum daily rate of $40—were served by the Brotherhood of Locomotive Engineers last week to most railroads across the country.

The BLE demands—served even as the Nov. 26 deadline for settlement of the fireman and crew consist issues neared—covered both sharply increased wage rates and what one railroad officer called a "breathtaking" bundle of fringe benefits whose cost to the nation's carriers would be "many, many millions of dollars."

The demands underscored the sharp comment from BLE's Grand Chief Roy E. Davidson on Nov. 1 in talking about the issues that remain, once fireman and crew consist issues are settled. He promised that the BLE "intends to score a real victory on these other issues. . . . We have been denied too many things too long," and predicted "a crisis" ahead unless "rules gains" are scored.

The BLE's demands were for:

• A minimum daily rate of $40 "for the basic unit of work performed in any trip or tour of duty" by locomotive engineers, and a $35 minimum daily rate for firemen and hostlers on railroads where the BLE represents such employees.

• Medical, hospital and surgical benefits plus dental and eye care.

• A fully funded pension plan for each employee that will provide payments of "at least $200 per month."

• Life insurance for BLE-represented employees that will provide $10,000 in benefits to active employees, $5,000 to retired employees.

Engineers, who now get a minimum of $22.09 for an eight-hour day in yard service, a minimum of $19.84 for 100 miles or five hours in passenger service or a minimum of $21.79 for 100 miles or eight hours in through freight service, have had no increase in wage rates since March 1961. The $40 minimum rate demanded by the BLE would be accompanied by increases "for work performed in excess of the basic unit of work" at a rate of one and one-half times the straight hourly rate.

• **More demands ahead?** The notices delivered to many railroads last week (some few railroads did not get the demands, though a union spokesman said "practically all" of the BLE's general chairmen had served the notices) contained a clause for leaving the door open for further demands, depending upon the nature of the Nov. 26 award on firemen and crew consist: "To the extent that any engineer may be required, as a result of decreases in the size of crews or other changes in operating requirements, to work under conditions imposing additional job content, his rate of pay will be increased to reflect additional work load, responsibilities, skills and other elements of job content."

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YOU OUGHT TO KNOW

Barge transportation on artificial inland waterways is, from a cost standpoint, a drag on the national economy, AWR President Clair M. Roddewig charged last week. Focal point of his comments: a proposal to extend navigation on the Missouri River above Sioux City, Iowa.

A Freight Description Guide, providing uniform abbreviated terminology for Defense Department traffic, has been developed by the Defense Traffic Management Service as part of a broad transportation-preparedness program. The system is based on an 8-character code for data-processing purposes.

Longer, lower, elevated-subway rapid-transit cars will be seen in major urban areas in the future, predicted D. Q. Gaul, executive secretary of the Institute for Rapid Transit in a recent address to the American Society of Civil Engineers in Washington. The new cars will be seen first in cities building entirely new rapid-transit systems, where platform heights and other physical features do not interfere. Reasons for the changing silhouette: higher operating speeds, greater seating capacities, less costly tunnel construction and operating-maintenance efficiencies that can be achieved by utilization of fewer units.

Toledo waterfront property of the Chesapeake & Ohio may be sold to the Toledo-Lucas County Port Authority. The municipal proposal calls for purchase of 498 acres of railroad property at the mouth of the Maumee River, and a 40-year lease back to the road of its bulk facilities. C&O facilities include 4 coal loaders, 3 ore unloaders, and a 7,500-car-capacity yard. C&O at Toledo boasts the largest coal handling operation on the Great Lakes, and the No. 4 dumper, installed in 1958 at a cost of $7 million, has a 6,000 ton an hour capacity.

Winners of the "Hot Box Derby" conducted during the American Railway Progress Exposition in Chicago are J. H. Lloyd, vice president, operations, MoPac, and J. H. Wilkins, general car foreman of the Union Railway. Mr. Lloyd estimated miles per hot box for August at 897,000, and Mr. Wilkins guessed 898,050. Actual figure for August was 898,949. The winners were presented portable television sets by Magnus Metals Corporation.

Piggyback got a boost on the Jersey Central last week with delivery of 145 van-type highway trailers by REA Leasing Corp. Ninety-five of the units (including 56 Fruehauf trailers built at a cost of $350,000) have already reached JCL's Elizabeth, N.J., yards; the remaining 50 will be delivered within the next few weeks.

First into harness

The first GM GP-35 diesel-electric locomotive went into service on the Atlantic Coast Line Nov. 7 following ceremonies at Jacksonville, Fla. ACL President W. T. Rice, left, accepts the controller lever of the new 2,500-hp high-speed, heavy-tonnage freight locomotive from Richard L. Terrell, vice president of General Motors and general manager of the Electro-Motive Division. ACL has bought six of the units.

The Railway Systems and Management Assn. will hold its Transportation Marketing Seminar Nov. 21-22 at the Knickerbocker Hotel in Chicago. Slated speakers include John M. Budd, GN President; Jervis Langdon Jr., B&O President; Leonard H. Murray, Soo Line President; and Dr. John A. Howard, Professor of Marketing, Columbia University Graduate School of Business. Attendance is open to non-members.

Atlantic Coast Line this month began its fourth season of operating an all-piggyback train transporting citrus fruits and vegetables from Florida to major eastern cities. The train makes the run from Tampa to New York in 32½ hours, adding trailers at other Florida stops and setting them out at Richmond, Washington, Baltimore and Philadelphia. The service also provides third morning arrival in Boston.

New York Central has changed the names of two of its Chicago-New York passenger trains—the North Shore Limited and the Mohawk—to "The World's Fair Specials," in honor of the 1964-65 New York exposition.

An award for "the most effective travel promotion job by a common carrier" was presented to Burlington last week by the Midwest Travel Writers Assn. The award was made for "consistently well written 'soft-sell' copy, good pictures and promotion of tours to Colorado and Mississippi River points." Burlington's vice president-traffic, Guy R. Glover, accepted the award at a dinner in Chicago.

REA Leasing Corp. announced that seven more railroads have joined its National Railroad Trailer Pool. The roads are the Santa Fe; Kansas City Southern; Louisiana & Arkansas; Norfolk Southern; Pittsburg & West Virginia; Southern; and Tennessee Central. Membership in the pool now stands at 59.

The New Haven has been granted ICC permission to abandon 29.3 miles of line between Portland, Colchester and Willimantic, Conn. The railroad said it has been losing about $86,000 a year on the line.

Freight and Passenger Car Charts

These charts are very helpful to AAR billing clerks, mechanical engineers, purchasing and stores personnel, car inspectors, write-up men, car foremen, and anyone else who needs a knowledge of car parts and their relation to each other.

The charts include a cutaway diagram of the car and a listing of important parts with arrows showing where the part is located. These charts are a part of standard training programs used on a number of major railroads.

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'Conspiring' to aid patrons

Europe's railways have developed pricing problems akin to those of U.S. — Railroaders need to seek unity in answers.

A revolutionary and highly beneficial technological innovation comes along (e.g., dieselization) and the railroads adopt it with appropriate speed. Equally revolutionary and beneficial innovations (e.g., adjustment of railroad rates or working rules to meet acutely dangerous competition) are proposed and progress creeps forward at a snail's pace. Why the difference?

The obvious answer lies in the fact that technological innovation is not enmeshed in tradition, regulation and statutory limitations—dating back (and appropriate to) a bygone era. Before the railroads can up-date their working rules and their pricing, they have to (1) overcome the natural conservatism of their own people (who, like all humans, tend to cling to habitual practices); and (2) "sell" modernized practices to regulators, legislators, customers, employees—and even to their competitors. It is a complex, uphill and time-consuming job. But there is no escape from it. Where begin, then?

Considerable progress has been made in dealing with segments of the pricing problem—but, so far, without general agreement as to the desirable overall goals. It would be most helpful if the thinking of railroad leaders on modernized pricing could be crystallized and unified into a few relatively simple and comprehensible lines of action.

Railroads all over the world have much the same problems—differing in degree but not in kind. Whether railroads are run by government or private companies, they still have the task of (1) pricing their services to attract to rail movement that share of total traffic that can be handled most economically by rail; and (2) contriving somehow to see to it that, of total investment capital available for improved transportation, the railroads get their economically appropriate share.

In some European countries the railroads seem to be considerably further along toward the solution of both points (1) and (2) than are the railways of this continent (particularly the U.S.A.). Fortunately there is a healthy intensification in interchange of information and ideas between the railways of this continent and those of other countries.

On the question of pricing, three times in the past four years top officers of the principal railways of Western Europe—along with a few able "outside" economists—have met quietly for deep discussion of basic pricing problems. At this year's meeting (in October, at Sion, Switzerland) the conference topic was inter-system railroad rates. This question has now become acute in Western Europe because of the heavy international traffic which is developing as the result of the formation of the European Economic Community.

European railway leaders quickly perceived that their new problem closely parallels that of the U.S. in pricing its inter-territorial freight traffic. For information on U.S. experience with this problem, they secured as their speaker B&O President Jervis Langdon, Jr.—who, as an able commerce lawyer, has had wide experience in dealing with pricing problems. His report to the European railroaders begins on p. 19 in this issue.

Mr. Langdon's advice is more in the way of telling the Europeans of errors that they should seek to avoid—rather than in claims to noteworthy success on our part. He does not believe we have much to boast of in our handling of divisions of interterritorial through rates. While it is economically justifiable to charge lower rates at points where water competition exists than at those where it does not exist, Mr. Langdon does not believe it is wise for railroads thus to differentiate their rates —since doing so provides an incentive to shippers to move their plants to locations on navigable waterways.

Quest for 'low cost carrier'

He also believes that the statistical sleuthing being done to determine what carrier is "low cost" is wasted effort. The identity of the "low cost" carrier (even if honestly determined by inclusion of subsidies as a part of the cost) is not necessarily meaningful—because there may be efficiencies in production associated with using a "high cost" carrier that more than offset higher transportation costs.

There will not be complete agreement with Mr. Langdon's position on the three "blind alleys" he discerns, but nobody will doubt that he puts the spotlight upon three critical pricing problems.

When railroad people get together to resolve such knotty problems as these, some naive anti-trust zealots consider their conferring as something akin to "conspiracy." It should be obvious that, for railroad people to confer in the effort to arrive at economic bases for pricing their product—advances the public interest, rather than opposes it. We need more of such socially desirable "conspiring." Regulators and legislators are not likely to come up with right answers to such questions as these until railroaders themselves achieve a reasonable degree of agreement about them.

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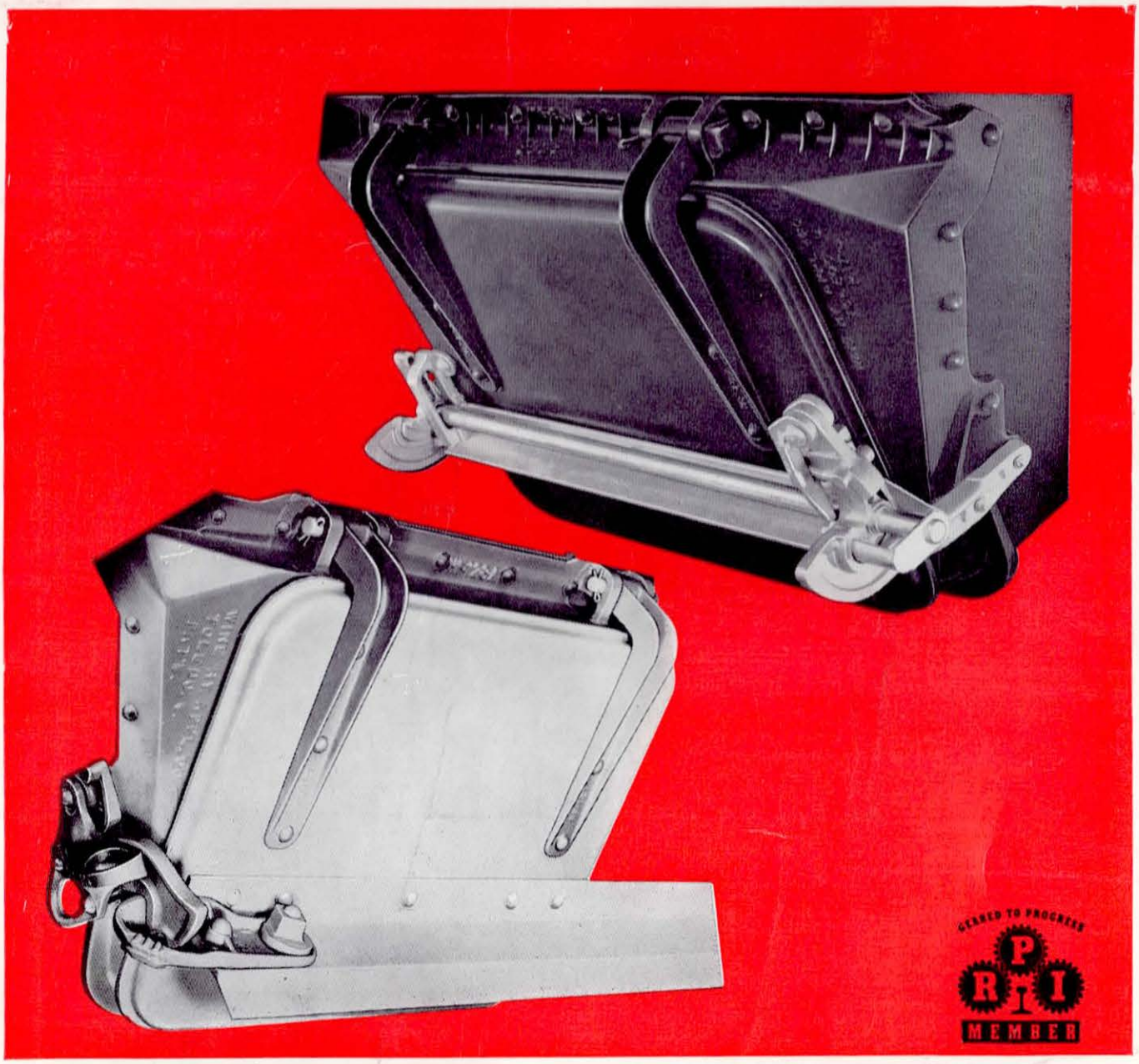

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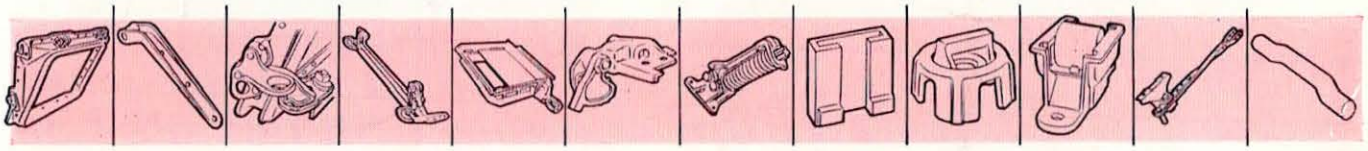

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